

Telecommunications
E Commerce
Technology
Corporate & Finance
Trademarks
Proprietary Rights
Complex Litigation
General Business Law

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Global Telecompetition Consultants, Inc. (GTC)
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RECEIVED
OCT 31 11 31
EXECUTIVE SECRETARY

Writer's Direct Dial Number

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Writer's E-mail Address

jmarashlian@helein.com

October 30, 2000

VIA OVERNIGHT DELIVERY

00-00984

Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

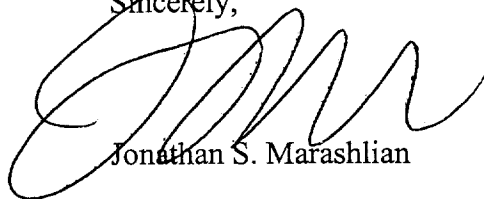
Re: Touch America, Inc.'s Application for Certificate of Public Convenience And
Necessity to Provide Competing Facilities-Based and Resold Interexchange
Telecommunications Services In the State of Tennessee

Ladies and Gentlemen:

Enclosed are an original and thirteen (13) copies of Touch America, Inc.'s
Application for a Certificate of Public Convenience and Necessity to Provide Competing
Facilities-Based and Resold Interexchange Telecommunications Services in the State of
Tennessee. Also enclosed is the filing fee of \$25.00 made payable to the Tennessee
Regulatory Authority.

An extra copy of this filing is enclosed. Please date-stamp and return the extra copy in
the self-addressed, stamped envelope provided. If you have any questions regarding this
application please contact me at the number listed above.

Sincerely,



Jonathan S. Marashlian

Enclosures

cc. John Fitzpatrick
Susan Callaghan

**Before the
TENNESSEE REGULATORY AUTHORITY**

Application of)
)
TOUCH AMERICA, INC.)
)
For a Certificate of Public Convenience)
And Necessity to Provide Competing)
Facilities-Based and Resold Interexchange)
Telecommunications Services)
In the State of Tennessee)

00-00984

**APPLICATION OF TOUCH AMERICA, INC.
FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

Pursuant to Tenn. Code Ann. § 65-4-201 and to Chapter 1220-4-2.55 of the Tennessee Regulatory Authority's ("TRA") regulations for intrastate interexchange telecommunications service providers, Touch America, Inc. ("Touch America" or "Applicant"), by its attorneys, hereby respectfully requests that the TRA grant it the authority to provide facilities-based and resold interexchange telecommunications services throughout the entire State of Tennessee.

As demonstrated below, Touch America's Application for a Certificate of Public Convenience and Necessity ("CPCN") to provide competitive facilities-based and resold interexchange telecommunications services in the State of Tennessee ("Application") satisfies the requirements set forth in Tenn. Code Ann. § 65-4-201 and in Chapter 1220-4-2.55 of the TRA's rules. Touch America has confirmed that it will adhere to all applicable TRA policies, rules and orders. Moreover, the increased competition that Touch America will bring to the State of Tennessee has the potential to reduce prices, enhance customer choice, and stimulate investment. As a result, Touch America's Application is in the public interest and accordingly, should be granted by the TRA.

In support of its Application, Touch America submits the following information:

I. DESCRIPTION OF TOUCH AMERICA AND ITS CORPORATE AUTHORITY

A. Corporate Information

Touch America is a Montana corporation with its principal office and place of business located at 130 East Main Street, Butte, Montana 59701. Touch America is a wholly owned subsidiary of Entech, Inc., a Montana corporation, which in turn is a wholly owned subsidiary of The Montana Power Company ("Montana Power"), also a Montana corporation. Montana Power has its principal office and place of business at 40 East Broadway, Butte, Montana 59701. Entech, Inc. has its principal office and place of business at 16 East Granite, Butte, Montana 59701. The stock of Montana Power is publicly traded on the New York Stock Exchange under the symbol "MTP."

On March 28, 2000, Montana Power's Board of Directors voted to divest all of its energy businesses and related assets in order to focus on telecommunications. See March 28, 2000 Press Release at http://www.mtpower.com/news/2000_pr/03-28-2000.htm. Divestiture activities have been initiated and are on-going. Following complete divestiture of its energy businesses, Montana Power will become Touch America.

A copy of Touch America's Articles of Incorporation, and amendments thereto, is attached as **Exhibit 1**. Attached as **Exhibit 2** is Touch America's Certificate of Authority to Transact Business in the State of Tennessee.

B. Officers and Directors

A complete listing of the corporate officers and directors of the Applicant and its parent corporations, is attached hereto at **Exhibit 3**.

C. Regulatory Contact Information

Questions and correspondence regarding this Application should be directed to:

Jonathan S. Marashlian
The Helein Law Group, P.C.
8180 Greensboro Drive, Suite 700
McLean, Virginia 22102
Ph: 703-714-1313
Fx: 703-714-1330
E-mail: jmarashlian@helein.com

Regulatory Counsel for
Touch America, Inc.

John Fitzpatrick
Executive Director,
Governmental and Regulatory Affairs
Touch America, Inc.
1315 N. Main St.
Helena, Montana 59604
Ph: 406-442-9194
Fx: 406-442-8730
E-mail: jfitz@tamerica.com

II. SERVICES

A. Facilities-Based and Resold Interexchange Telecommunications Services

Touch America intends to operate as a provider of facilities-based and resold long distance services throughout the entire state of New Jersey. Touch America is Montana Power's telecommunications subsidiary and the focus of its growth strategy in broadband fiber-optic and wireless spectrum applications. Touch America is the owner, operator and developer of a 16,000-mile, state-of-the-art, high-speed, fiber-optic network that is scheduled to have more than 26,000 miles of fiber by year end 2001.

Touch America, through its fiber-optic network and its expanding alliances, offers high-speed access to the Internet, a full-line of long distance services, as well as dedicated voice, data, video and frame relay solutions.

Using state-of-the-art digital switching equipment, Touch America's dedicated long distance services include intraLATA, interLATA, intrastate, interstate and international 1+ dialing, dedicated access lines, WATS lines and DS1 service. Toll free service coverage is available for in-state, regional, national and Canadian calling. Personal operator services are provided for

Touch America's travel card customers. Features of Touch America's Internet services include a multi-homed broadband backbone for 90 megabit access, reliable high speed V.90 modem, e-mail hosting and delivery and interactive web-site management and storage. Conference calling is accessible from both 800 and 1+ lines, and for both dial out and "meet me" access. At present, carrier termination services are available for independent telephone companies, long distance companies and cellular companies in all states comprising the Qwest Communications local service territory (AZ, CO, ID, IA, MN, MT, NE, NM, ND, OR, SD, UT, WA, and WY), as well as California, Illinois, Michigan, Missouri, Nevada, Texas, and Wisconsin.

Touch America also intends to provide its customers traditional operator services and prepaid calling cards.

B. Proposed Service Area

Touch America intends to provide facilities-based and resold intrastate interexchange telecommunications services throughout the entire State of Tennessee.

C. States in Which Applicant is Authorized to Provide Telecommunications Services

Touch America is authorized to provide facilities-based and resold interexchange telecommunications services, by virtue of certification, registration or tariff requirements in the following states: Arizona, California, Colorado, Idaho, Illinois, Iowa, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, New Mexico, New York, North Dakota, Oregon, Pennsylvania, South Dakota, Texas, Utah, Washington, Wisconsin, and Wyoming. Touch America also has applications pending before the following states: Alabama, Arkansas, Connecticut, Florida, Georgia, Indiana, Kansas, Kentucky, Louisiana, Maryland, Mississippi, New Jersey, Ohio, Oklahoma, Rhode Island, South Carolina, Virginia and West Virginia, and is preparing applications to be filed in the remaining contiguous United States.

Touch America has not been denied authority to provide telecommunications service in any jurisdiction in which it has applied, nor has it had its authorization to provide telecommunications services revoked in any state.

III. MANAGERIAL, TECHNICAL AND FINANCIAL ABILITY OF APPLICANT

In support of its Application, Touch America submits the following information to demonstrate that it has sufficient managerial and technological telecommunications experience, as well as the financial resources adequate to ensure its continued provision of interexchange telecommunications services within the State of Tennessee.

A. Managerial Qualifications

Touch America is qualified to provide facilities based and resold interexchange telecommunications services in Tennessee. Resumes and bios of Touch America's management team are attached at **Exhibit 4**.

Michael J. Meldahl, the President and Chief Operating Officer of Touch America, is also Executive Vice President and Chief Operating Officer of the Technology Division of Montana Power, and has managed communications and technology activities for Montana Power for over ten years.

The management team of Montana Power and Touch America are experienced providers of an array of telecommunications services. This management team has supervised the construction and operation of a fully digital fiber network (discussed further below) and oversees the provision to customers of the following telephone services: dedicated long distance, travel cards, toll free telephone, Internet services, ATM and frame relay services, conference calling, operator services, prepaid calling cards, and carrier termination.

Touch America's management team has considerable experience in marketing, network operations, financial analysis/accounting, customer service, training, sales, regulatory and other relevant areas, as reflected in the biographies of the directors, executive officers and key employees set forth in Exhibit 4.

B. Technical Qualifications

Touch America has been providing customers in the Northwest, Rocky Mountain and Great Plains States with a full array of competitive, high-quality telecommunications services since its inception in 1983. In addition to its experienced management team, Touch America also has an experienced technical staff. As alluded to earlier, not only does Touch America provide telecommunications services to end users, it also develops, constructs, operates, and maintains a fiber-optic network and digital microwave facilities. Touch America is the owner, operator and developer of a 16,000-mile, state-of-the-art, high-speed, fiber-optic network that is scheduled to have more than 26,000 miles of fiber by year-end 2001. Currently, Touch America's fiber network extends from Chicago, Illinois, west to Seattle, south to Los Angeles, California, with both a coastal route via Portland, Oregon, and Sacramento, California, an inland route via Boise, Idaho, Salt Lake City, Utah, and Las Vegas, Nevada, from Denver north through Wyoming and Montana to the Canadian border and an inland route from Denver to Dallas, Texas, through Colorado Springs and Pueblo, Colorado, and Amarillo, Lubbock and Wichita Falls, Texas. The Seattle to Los Angeles route was accomplished through a joint construction effort among Touch America, Williams Communications and Enron Broadband Services, known as FTV Communications, LLC. Touch America served as the construction and services manager for the construction project, with certain segments acquired through fiber swaps. In total, Touch America's current fiber network spans 16 states. Touch America's network is comprised of up-to-date fiber technology and includes SL,

SMF28, and LEAF fiber. Touch America also has installed or is upgrading to Dense Wave Division Multiplexing (DWDM) technology, which greatly increases the capacity of each fiber strand.

As demonstrated above and in the management resumes attached to this Application at Exhibit 4, Touch America has ample experience constructing and operating telecommunications facilities and providing telecommunications services and is technically qualified to operate as a facilities-based telecommunications service provider in the State of Tennessee.

C. Financial Qualifications

Touch America has substantial financial wherewithal and access to ample capital. As set forth in the audited financial statements for fiscal year 1999, the telecommunications operations of conducted by Touch America garnered over \$84 million in revenues for the year ending December 31, 1999, resulting in operating income of over \$35 million. Attached at **Exhibit 5** is a copy of Touch America's audited financial statements for the year ending December 31, 1999. As demonstrated therein, Touch America possesses more than adequate financial resources to provide competitive telecommunications services in the State of Tennessee.

IV. REPAIR AND MAINTENANCE/CUSTOMER SERVICE INFORMATION

Touch America maintains a fully staffed customer service center for purposes of addressing all of its customer inquiries, needs and complaints, including issues relating to billing, service quality, and maintenance. Customer service is available 24 hours/day, 7 days/week through Touch America's Toll-Free Customer Service Number: 1-800-823-4664. Customers may also write to:

Touch America, Inc.
Customer Service Center
1903 S. Russell St.
P.O. Box 5207
Missoula, Montana 59806

All questions regarding the Company's Tennessee operations may be addressed to:

John Fitzpatrick
Executive Director,
Governmental and Regulatory Affairs
Touch America, Inc.
1315 N. Main St.
Helena, Montana 59604
Ph: 406-442-9194
Fx: 406-442-8730
E-mail: jfitz@tamerica.com

V. SMALL AND MINORITY-OWNED BUSINESS PARTICIPATION PLAN

Please see **Exhibit 6**.

VI. MISCELLANEOUS

In accordance with Section VII of the TRA's *Check List for Competing Telecommunications Service Providers*, Touch America provides the following information:

- (a) Notarized, pre-filed testimony of Michael J. Meldahl, President and Chief Operating Officer of Touch America, Inc.;
- (b) Touch America's proposed Tennessee tariff is attached to this Application at **Exhibit 7**;
- (c) In Section II.C, *infra*, Touch America has provided information regarding the status of its applications in all other states;
- (d) Touch America has not been involved in any pertinent mergers or acquisitions;
- (e) Touch America agrees to submit the Wireline Activity Report to the TRA on a monthly basis for its voice grade services;
- (f) Deposits and/or advance payments may be required of customers whose financial condition is not acceptable to Touch America, or is not a matter of general knowledge. Touch America's policy regarding deposits and/or advance payments is detailed in Section 2, Paragraph 20 of its proposed tariff, attached hereto at Exhibit 7.

- (g) Tennessee customers may be required to incur non-recurring charges (“NRCs”) for Touch America’s interexchange telecommunications services. All NRCs are specifically detailed, where applicable, in Section 3 of Touch America’s proposed tariff, see Exhibit 7;
- (h) As of now, Touch America has not been subject to formal complaints in any of the states in which it is doing business;
- (i) The pre-filed Testimony of Michael J. Meldahl, Touch America’s President and Chief Operating Officer, is attached to this Application at **Exhibit 8**.
- (j) Touch America does not own and operate equipment facilities in Tennessee with a value of more than five million dollars (\$5,000,000). Therefore, pursuant to Section Tenn. Code Ann. Section 65-4-125, Touch America submits its Tennessee Telecommunications Service Provider’s Surety Bond, attached hereto as **Exhibit 9**.

VII. STATEMENT OF COMPLIANCE

Touch America agrees to comply with and abide by all applicable statutes and orders, rules and regulations entered and adopted by the TRA, and any that the TRA may promulgate in the future. Touch America also agrees to comply with the TRA’s requirements regarding technology deployment, service standards, universal service, equal access and any other applicable requirement.

VIII. PUBLIC INTEREST

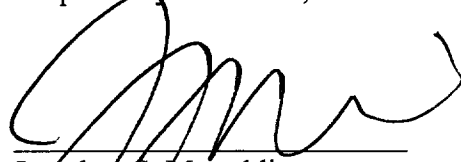
Approval of this Application is in the public interest because Touch America is well-qualified – technically, managerially, and financially – to serve the Tennessee public as a facilities-based and resale interexchange carrier. Moreover, permitting Touch America to provide the services described in this Application will expand long distance service options for customers in Tennessee, and will increase competition in Tennessee by expanding the diversity of suppliers and competition within the interexchange telecommunications market – without any adverse impact on

the TRA's goals of universal service and affordable telecommunications services for all Tennessee residents.

Touch America's participation in the market for interexchange telecommunications services in Tennessee will promote consumer choice by expanding the availability of innovative, high quality, reliable and competitively-priced telecommunications services. Approval of this Application also is likely to compel other long distance providers in the state to improve their existing services, increase the quality and efficiency of their operations, and introduce innovative new services on their own. Moreover, the addition of Touch America to the Tennessee telecommunications market makes it probable that consumers of telecommunications services in Tennessee will receive the benefits of downward pressure on prices, improved customer responsiveness, and access to increasingly advanced telecommunications technology.

WHEREFORE, Touch America, Inc. respectfully requests that the TRA grant it a Certificate of Public Convenience and Necessity to provide competing facilities-based and resold interexchange telecommunications services in the State of Tennessee.

Respectfully submitted,



Jonathan S. Marashlian
The Helien Law Group, P.C.
8180 Greensboro Drive, Suite 700
McLean, Virginia 22102
Ph: (703) 714-1313

Attorney for Touch America, Inc

John Fitzpatrick
Executive Director
Governmental and Regulatory Affairs
1315 N. Main Street
Helena, Montana 59604
Ph: (406) 442-9194

Representative of Touch America, Inc.

VERIFICATION

STATE OF MONTANA

)

)

ss.

COUNTY OF SILVER BOW

)

Michael J. Meldahl, Affiant, being duly sworn according to law, deposes and says that:

He is the President and Chief Operating Officer of Touch America, Inc.;

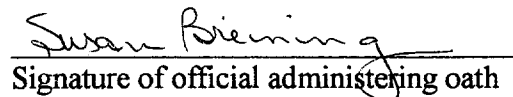
That he is authorized to and does make this affidavit on behalf of Touch America, Inc.;

That the facts above set forth are true and correct to the best of his knowledge, information, and belief and that he expects said corporation to be able to prove the same at any hearing hereof.



Michael J. Meldahl
President and Chief Operating Officer
Touch America, Inc.

Sworn and subscribed before me this 27th day of October, 2000.


Signature of official administering oath


My commission expires June 1, 2004

**Before the
TENNESSEE REGULATORY AUTHORITY**

Application of)
)
TOUCH AMERICA, INC.)
)
For a Certificate of Public Convenience)
And Necessity to Provide Competing)
Facilities-Based and Resold Interexchange)
Telecommunications Services)
In the State of Tennessee)

NOTICE OF FILING OF APPLICATION OF TOUCH AMERICA, INC.

Pursuant to T.C.A. §65-4-201, Touch America, Inc. hereby serves notice of its filing with the Tennessee Regulatory Authority ("TRA") of an application for a certificate of public convenience and necessity to provide competing facilities-based and resold interexchange telecommunications services in Tennessee on this the 30th day of October, 2000. Copies of the application, excluding any confidential exhibits, are available from the TRA, as well as from the office of: Jonathan S. Marashlian, The Helein Law Group, P.C., 8180 Greensboro Drive, Suite 700, McLean, Virginia 22102.



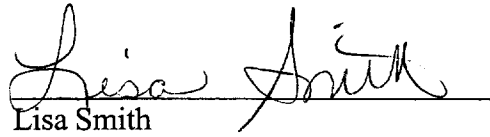
Jonathan S. Marashlian, Esq.

The Helein Law Group, P.C.
8180 Greensboro Drive, Suite 700
McLean, Virginia 22102
Ph: (703) 714-1313

Attorney for Touch America, Inc

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Notice of Filing of Application of Touch America, Inc. has been served on the attached list of interested parties provided to the Applicant by the TRA by depositing same in the U.S. mail, postage prepaid, on this 30th day of October, 2000.


Lisa Smith

LISTING
INCUMBENT LOCAL EXCHANGE SERVICE PROVIDERS
CERTIFICATED IN TENNESSEE
(FACILITIES-BASED)

- 1) **ARDMORE TELEPHONE COMPANY, INC.**
P.O. Box 549
517 Ardmore Avenue
Ardmore, TN 38449
(205) 423-2131
(205) 423-2208 (Fax)

- 2) **BELLSOUTH**
333 Commerce Street
Nashville, TN 37201-3300
(615) 214-3800
(615) 214-8820 (Fax)

- 3) **CENTURY TELEPHONE OF ADAMSVILLE**
P.O. Box 405
116 N. Oak Street
Adamsville, TN 38310
(901) 632-3311
(901) 632-0232 (Fax)

- 4) **CENTURY TELEPHONE OF CLAIBORNE**
P.O. Box 100
507 Main Street
New Tazewell, TN 37825
(423) 626-4242
(423) 626-5224 (Fax)

- 5) **CENTURY TELEPHONE OF OOLTEWAH-COLLEGEDALE, INC.**
P.O. Box 782
5616 Main Street
Ooltewah, TN 37363
(423) 238-4102
(423) 238-5699 (Fax)

- 6) **CITIZENS COMMUNICATIONS COMPANY OF TENNESSEE**
P.O. Box 770
300 Bland Street
Bluefield, WV 24701

LISTING
INCUMBENT LOCAL EXCHANGE SERVICE PROVIDERS
CERTIFICATED IN TENNESSEE
(FACILITIES-BASED)

- 7) **CITIZENS COMMUNICATIONS COMPANY OF THE VOLUNTEER STATE**
P.O. Box 770
300 Bland Street
Bluefield, WV 24701
- 8) **LORETTO TELEPHONE COMPANY, INC.**
P.O. Box 130
Loretto, TN 38469
(931) 853-4351
(931) 853-4329 (Fax)
- 9) **MILLINGTON TELEPHONE COMPANY, INC.**
P.O. Box 429
4880 Navy Road
Millington, TN 38083-0429
(901) 872-3311
(901) 873-0022 (Fax)
- 10) **SPRINT-UNITED**
112 Sixth Street
Bristol, TN 37620
(423) 968-8161
(423) 968-3148 (Fax)
- 11) **TDS TELECOM-CONCORD TELEPHONE EXCHANGE, INC.**
P.O. Box 22610
701 Concord Road
Knoxville, TN 37933-0610
(423) 966-5828
(423) 966-9000 (Fax)
- 12) **TDS TELECOM-HUMPHREYS COUNTY TELEPHONE COMPANY**
P.O. Box 552
203 Long Street
New Johnsonville, TN 37134-0552
(931) 535-2200
(931) 535-3309 (Fax)
- 13) **TDS TELECOM-TELLICO TELEPHONE COMPANY, INC.**
P.O. Box 9

LISTING
INCUMBENT LOCAL EXCHANGE SERVICE PROVIDERS
CERTIFICATED IN TENNESSEE
(FACILITIES-BASED)

102 Spence Street
Tellico Plains, TN 37385-0009
(423) 671-4600
(423) 253-7080 (Fax)

14) TDS TELECOM-TENNESSEE TELEPHONE COMPANY

P.O. Box 18139
Knoxville, TN 37928-2139
(423) 922-3535
(423) 922-9515 (Fax)

15) TEC-CROCKETT TELEPHONE COMPANY, INC.

P.O. Box 7
Friendship, TN 38034
(901) 677-8181

16) TEC-PEOPLE'S TELEPHONE COMPANY, INC.

P.O. Box 310
Erin, TN 37061
(931) 289-4221
(931) 289-4220 (Fax)

17) TEC-WEST TENNESSEE TELEPHONE COMPANY, INC.

P.O. Box 10
244 E. Main Street
Bradford, TN 38316
(901) 742-2211
(901) 742-2212 (Fax)

18) UNITED TELEPHONE COMPANY

P.O. Box 38
120 Taylor Street
Chapel Hill, TN 37034
(931) 364-2289
(931) 364-7202 (Fax)

LIST OF EXHIBITS

Exhibit 1	Articles of Incorporation and Amendments
Exhibit 2	Authorization to Transact Business in Tennessee
Exhibit 3	Officers and Directors
Exhibit 4	Management Resumes
Exhibit 5	Financial Statements
Exhibit 6	Small and Minority-Owned Business Plan
Exhibit 7	Proposed Tennessee Tariff
Exhibit 8	Pre-Filed Testimony of Michael J. Meldahl
Exhibit 9	Tennessee Telecommunications Service Provider's Surety Bond

EXHIBIT 1

Articles of Incorporation and Amendments

ARTICLES OF AMENDMENT
TO THE ARTICLES OF INCORPORATION
OF
TRI TOUCH AMERICA, INC.

337709
STATE OF MONTANA
FILED
NOV 30 1995
SECRETARY OF STATE

Pursuant to the provisions of Section 35-1-230, M.C.A., the undersigned corporation adopts the following Articles of Amendments to its Articles of Incorporation.

FIRST: The name of the corporation is TRI Touch America, Inc.

SECOND: The amendment so adopted is as follows: Article 1 of the Articles of Incorporation of the corporation is amended to read: "Article 1. The name of the corporation is Touch America, Inc."

THIRD: The Board of Directors approved this amendment on the 21st day of November, 1995, and recommended the amendment to the shareholders. The shareholders approved this amendment on the 21st day of November 1995.

FOURTH: Presently there are 430 shares of common, voting stock outstanding. These shares are entirely owned by Entech, Inc., and Entech, Inc. voted all 430 shares in favor of the amendment.

DATED this 21st day of November, 1995.

TRI TOUCH AMERICA, INC.

By:


Michael J. Meldahl, President

By:


Pamela K. Merrell

SECRETARY OF STATE

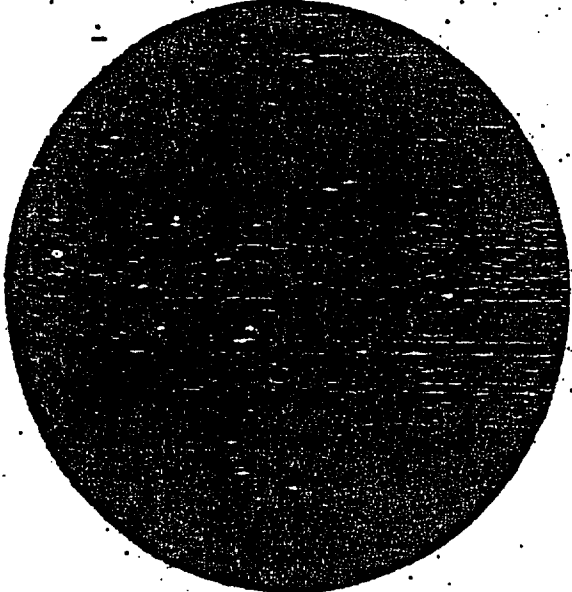
STATE OF MONTANA

CERTIFICATE OF AMENDMENT TO THE CERTIFICATE OF INCORPORATION

I, MIKE COONEY, Secretary of State of the State of Montana, do hereby certify that the Articles of Amendment to the Articles of Incorporation of TELECOMMUNICATIONS RESOURCES, INC., a Montana profit corporation, duly executed pursuant to the provisions of Section 35-1-230, Montana Code Annotated, has been received in my office and conform to law.

NOW, THEREFORE, I, MIKE COONEY, as such Secretary of State, by virtue of the authority vested in me by law, hereby issue this Certificate of Amendment to the Certificate of Incorporation of TELECOMMUNICATIONS RESOURCES, INC., a Montana profit corporation, changing its name to TRI TOUCH AMERICA, INC. and attach hereto a copy of the Articles of Amendment to the Articles of Incorporation.

IN WITNESS WHEREOF, I have
hereunto set my hand and
affixed the Great Seal of the
State of Montana, at Helena,
the Capital, this May 5, A.D.
1992.



Mike Cooney
MIKE COONEY
Secretary of State

COPY

ARTICLES OF AMENDMENT
TO THE ARTICLES OF INCORPORATION
OF
TELECOMMUNICATIONS RESOURCES, INC.

STATE OF MONTANA

FILED

MAY 05 1992

SECRETARY OF STATE

Pursuant to the provisions of Section 35-1-230, M.C.A., the undersigned corporation adopts the following Articles of Amendment to its Articles of Incorporation.

FIRST: The name of the corporation is Telecommunications Resources, Inc.

SECOND: The amendment so adopted is as follows: Article I of the Articles of Incorporation of the corporation is amended to read: "Article I. The name of the corporation is TRI Touch America, Inc."

THIRD: The Board of Directors approved this amendment on the 23rd day of March, 1992, and recommended the amendment to the shareholders. The shareholders approved this amendment on the 24th day of March, 1992.

FOURTH: Presently there are 430 shares of common, voting stock outstanding. These shares are entirely owned by Entech, Inc., and Entech, Inc. voted all 430 shares in favor of the amendment.

DATED this 25th day of March, 1992.

TELECOMMUNICATIONS RESOURCES, INC.

By:

Michael J. Meldani
Michael J. Meldani, President

By:

John Carl
John Carl, Secretary

Office of the Secretary of State



STATE OF MONTANA


CERTIFICATE OF INCORPORATION

I, JIM WALTERMIRE, Secretary of State of the State of Montana, do hereby certify that duplicate originals of the Articles of Incorporation for the incorporation of TELECOMMUNICATIONS RESOURCES, INC., a Montana corporation, duly executed pursuant to the provisions of Section 35-1-203, Montana Code Annotated, have been received in my office and conform to law.

NOW, THEREFORE, I, JIM WALTERMIRE, as such Secretary of State, by virtue of the authority vested in me by law, hereby issue this Certificate of Incorporation to TELECOMMUNICATIONS RESOURCES, INC., a Montana corporation, and attach hereto a duplicate original of the Articles of Incorporation.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State of Montana, at Helena, the Capital, this July 13, A.D. 1983.


JIM WALTERMIRE
Secretary of State

ARTICLES OF INCORPORATION
OF

TELECOMMUNICATIONS RESOURCES, INC.

STATE OF MONTANA
FILED

JUL 13 1983

JIM WALTERMIRE
SECRETARY OF STATE

Jim Waltermire
12-265

The undersigned, acting as incorporators of a corporation under the Montana Business Corporation Act, adopt the following Articles of Incorporation for such corporation:

ARTICLE I

The name of the corporation is Telecommunications Resources, Inc.

ARTICLE II

The period of its duration is perpetual.

ARTICLE III

The purpose for which the corporation is formed is the transaction of any lawful business for which a corporation may be formed under the Montana Business Corporation Act.

ARTICLE IV

The aggregate number of shares which the corporation shall have authority to issue is 50,000 common shares having no par value.

ARTICLE V

The address of its initial registered office is 40 East Broadway, Butte, Montana 59701, and the name of its registered agent at such address is C. J. Gilder.

ARTICLE VI

The number of directors constituting the initial Board of Directors is six (6) and the names and addresses of the persons who are to serve as directors until the first annual

meeting of shareholders or until their successors are
elected and qualify are:

J. A. McElwain
40 East Broadway
Butte, Montana 59701

R. J. Labrie
40 East Broadway
Butte, Montana 59701

John Carl
40 East Broadway
Butte, Montana 59701

W. P. Schmechel
40 East Broadway
Butte, Montana 59701

R. Thomas Lough
40 East Broadway
Butte, Montana 59701

O. P. Rice
40 East Broadway
Butte, Montana 59701

ARTICLE VII

The names and addresses of the incorporators are:

J. A. McElwain
40 East Broadway
Butte, Montana 59701

R. J. Labrie
40 East Broadway
Butte, Montana 59701

John Carl
40 East Broadway
Butte, Montana 59701

W. P. Schmechel
40 East Broadway
Butte, Montana 59701

R. Thomas Lough
40 East Broadway
Butte, Montana 59701

O. P. Rice
40 East Broadway
Butte, Montana 59701

DATED:

July 7

1983.

Robert J. Labrie

INCORPORATOR

J. A. McElwain

INCORPORATOR

W. P. Schmechel

INCORPORATOR

O. P. Rice

INCORPORATOR

R. Thomas Lough

INCORPORATOR

John Carl

INCORPORATOR

STATE OF MONTANA

County of Silver Bow

)
) ss:
)

On this 7th day of July, in the year 1983, before me, the undersigned Notary Public, personally appeared J. A. McELWAIN, W. P. SCHEMEL, R. J. LABRIE, O. P. RICE, JOHN CARL and R. THOMAS LOUGH, known to me to be the persons whose names are subscribed to the within Articles of Incorporation, and acknowledged to me that they executed the same.

Ellen C. McFarthy
Notary Public for the State of
Montana
Residing at Butte, Montana
My Commission Expires 10/12/84

WJCSM

EXHIBIT 2

Authorization to Transact Business in Tennessee

Secretary of State
Corporations Section
James K. Polk Building, Suite 1800
Nashville, Tennessee 37243-0306

DATE: 07/25/00
REQUEST NUMBER: 3960-0428
TELEPHONE CONTACT: (615) 741-2286
FILE DATE/TIME: 07/25/00 0949
EFFECTIVE DATE/TIME: 07/25/00 0949
CONTROL NUMBER: 0392928

TO:
LINDA KERR
40 W BROADWAY
BUTTE, MT 59701

RE:
TOUCH AMERICA, INC.
APPLICATION FOR CERTIFICATE OF AUTHORITY -
FOR PROFIT

WELCOME TO THE STATE OF TENNESSEE. THE ATTACHED CERTIFICATE OF
AUTHORITY HAS BEEN FILED WITH AN EFFECTIVE DATE AS INDICATED ABOVE.

A CORPORATION ANNUAL REPORT MUST BE FILED WITH THE SECRETARY OF STATE
ON OR BEFORE THE FIRST DATE OF THE FOURTH MONTH FOLLOWING THE CLOSE OF THE
CORPORATION'S FISCAL YEAR. PLEASE PROVIDE THIS OFFICE WITH WRITTEN
NOTIFICATION OF THE CORPORATION'S FISCAL YEAR. THIS OFFICE WILL MAIL THE
REPORT DURING THE LAST MONTH OF SAID FISCAL YEAR TO THE CORPORATION AT THE
ADDRESS OF ITS PRINCIPAL OFFICE OR TO A MAILING ADDRESS PROVIDED TO THIS
OFFICE IN WRITING. FAILURE TO FILE THIS REPORT OR TO MAINTAIN A REGISTERED
AGENT AND OFFICE WILL SUBJECT THE CORPORATION TO ADMINISTRATIVE REVOCATION
OF ITS CERTIFICATE OF AUTHORITY.

WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR
FILING, PLEASE REFER TO THE CORPORATION CONTROL NUMBER GIVEN ABOVE.

FOR: APPLICATION FOR CERTIFICATE OF AUTHORITY -
FOR PROFIT

ON DATE: 07/25/00

FROM:
TOUCH AMERICA
130 N MAIN
BUTTE, MT 59701-0000

RECEIVED: FMS \$600.00 \$0.00
TOTAL PAYMENT RECEIVED: \$600.00
RECEIPT NUMBER: 00002716430
ACCOUNT NUMBER: 00344763



Riley C. Darnell

RILEY C. DARNELL
SECRETARY OF STATE



Department of State
Corporations Section
18th Floor, James K. Polk Building
Nashville, TN 37243-0306

FILED
APPLICATION FOR
CERTIFICATE OF AUTHORITY
(FOR PROFIT)

For Office Use Only

To the Secretary of State of the State of Tennessee:

Pursuant to the provisions of Section 48-25-103 of the Tennessee Business Corporation Act, the undersigned corporation hereby applies for a certificate of authority to transact business in the State of Tennessee, and for that purpose sets forth:

1. The name of the corporation is Touch America, Inc.

*If different, the name under which the certificate of authority is to be obtained is _____

[NOTES: The Secretary of State of the State of Tennessee may not issue a certificate of authority to a foreign corporation for profit if its name does not comply with the requirements of Section 48-14-101 of the Tennessee Business Corporation Act. *If obtaining a certificate of authority under a different corporate name, an application for registration of an assumed corporate name must be filed pursuant to Section 48-14-101(d) with an additional \$20.00 fee.]

2. The state or country under whose law it is incorporated is Montana

3. The date of its incorporation is July 13, 1983 (must be month, day, and year), and the period of duration, if other than perpetual, is _____

4. The complete street address (including zip code) of its principal office is c/o R. M. Ralph
40 E Broadway, Butte, MT 59701

Street City State/Country Zip Code

5. The complete street address (including the county and the zip code) of its registered office in Tennessee and the name of its registered agent is

2908 Poston Avenue, Nashville, TN Davidson 37203

Street City/State County Zip Code

Corporation Service Company

Registered Agent

6. The names and complete business addresses (including zip code) of its current officers are: (Attach separate sheet if necessary.)

See attached officers/directors rider

7. The names and complete business addresses (including zip code) of its current board of directors are: (Attach separate sheet if necessary.)

See attached officers/directors rider

8. If the corporation commenced doing business in Tennessee prior to the approval of this application, the date of commencement (month, day and year) _____

9. The corporation is a corporation for profit.

10. If the document is not to be effective upon filing by the Secretary of State, the delayed effective date/time is

_____, _____ (date), _____ (time).

[NOTE: A delayed effective date shall not be later than the 90th day after the date this document is filed by the Secretary of State.]

[NOTE: This application must be accompanied by a certificate of existence (or a document of similar import) duly authenticated by the Secretary of State or other official having custody of corporate records in the state or country under whose law it is incorporated. The certificate shall not bear a date of more than two (2) months prior to the date the application is filed in this state.]

July 20, 2000

Signature Date

Assistant Secretary

Signer's Capacity

Touch America, Inc.

Name of Corporation

Signature

R. M. Ralph

Name (typed or printed)

Touch America, Inc.
directors as of Thursday, July 20, 2000

riders A

Name

Business Address

Dates

Perry J. Cole

The Montana Power Company
40 East Broadway
Butte, Montana
59701

2000 JUL 25 AM 9:14

SECRETARY OF STATE

Robert P. Gannon

Vice Chairman of the Board & President
The Montana Power Company
40 East Broadway
Butte, Montana
59701

Michael J. Meldahl

The Montana Power Company
40 East Broadway
Butte, Montana
59701

Jerrold P. Pederson

The Montana Power Company
40 East Broadway
Butte, Montana
59701

Daniel J. Sullivan

Montana Power Company
40 E Broadway
Butte, Montana
59701

George D. Wright

Montana Power Company
40 E Broadway
Butte, Montana
59701

[A] indicates an Associate Director

Touch America, Inc.
officers as of Thursday, July 20, 2000

rider A

Name	Title	Business Address
John J. Burke	Controller	Address not on file
Robert E. Cenek	Vice President, Human Resources	Address not on file
Perry J. Cole	Senior Vice President, Sales Solutions	40 East Broadway Butte, Montana 59701
Kevin P. Dennehy	Vice President, Venture Integration	Address not on file
Liza L. Dennehy	Vice President, Wireless Solutions	Address not on file
Patrick T. Fleming	Vice President and General Counsel	Address not on file
Harrison J. Freebourn	Treasurer	16 East Granite Butte, Montana 59701
Dan L. Gay	Vice President, Marketing	Address not on file
Patrick M. Hogan	Vice President, Interconnect Solutions	Address not on file
Ernest J. Kindt	Assistant Controller	40 East Broadway Butte, Montana 59701

Touch America, Inc.
officers as of Thursday, July 20, 2000

rider A

<i>Name</i>	<i>Title</i>	<i>Business Address</i>
Steve G. Maederer	Vice President of Wholesale Solutions	Address not on file
Thomas P. McGree	Vice President, Network Operations	Address not on file
Michael J. Meldahl	President and Chief Operating Officer	40 East Broadway Butte, Montana 59701
Pamela K. Merrell	Secretary	40 East Broadway Butte, Montana 59701
George D. Paul	Vice President, Customer Service	Address not on file
Jerrold P. Pederson	Vice President and Chief Financial Officer	40 East Broadway Butte, Montana 59701
Rose M. Ralph	Assistant Secretary	40 East Broadway Butte, Montana 59701
Rita H. Spear	Vice President, Networks	Address not on file
Barbara A. Street	Assistant Secretary	40 E Broadway Butte, Montana 59701
Robert P. Gannon	Chairman of the Board	40 East Broadway Butte, Montana 59701

SECRETARY OF STATE

STATE OF MONTANA

JUL 25 AM 9:49

RILEY J. BELL
SECRETARY OF STATE

CERTIFICATE OF EXISTENCE

I, **Mike Cooney**, Secretary of State of the State of Montana, do hereby certify that

TOUCH AMERICA, INC.

Duly filed its Articles of Incorporation in this office on **07/13/1983**, and on that date was created a body politic and corporate.

I further certify that all taxes, fees and penalties owed to this state have been paid by said corporation and that the most recent annual report has been filed with this office.

I further certify that no articles of dissolution have been placed on record in this office by said corporation and my records indicate the corporation is in good standing under the laws of the State of Montana and authorized to transact in business and conduct its affairs in this state.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State of Montana, at Helena, the Capital, this **July 19, 2000**.

MIKE COONEY
Secretary of State

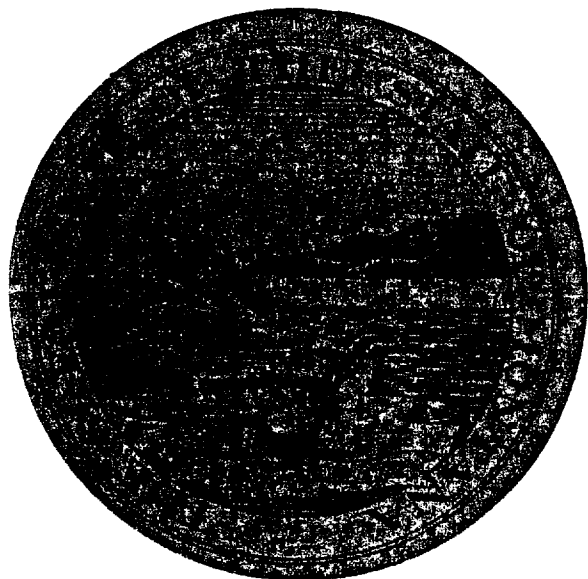


EXHIBIT 3
Officers and Directors

TOUCH AMERICA, INC.
DIRECTORS AS OF AUGUST 30, 2000

<u>NAME</u>	<u>ADDRESS</u>	<u>TELEPHONE</u>
Perry J. Cole	130 N. Main St. Butte, MT 59701	406-497-2801
Robert P. Gannon	130 N. Main St. Butte, MT 59701	406-497-2365
Michael J. Meldahl	130 N. Main St. Butte, MT 59701	406-497-5199
Jerrold P. Pederson	130 N. Main St. Butte, MT 59701	406-497-2188
Daniel J. Sullivan	130 N. Main St. Butte, MT 59701	406-497-2410
George D. Wright	P.O. Box 5329 Helena, MT 59601	406-442-8788

- (1.) All Director terms are for a term of one year and expire on the date of the Annual Shareholders meeting unless re-elected.

TOUCH AMERICA, INC.

OFFICERS AS OF AUGUST 30, 2000

<u>NAME</u>	<u>TITLE</u>	<u>ADDRESS</u>	<u>TELEPHONE</u>
John J. Burke	Controller	130 N. Main St. Butte, MT 59701	406-496-5100
Robert E. Cenek	Vice-President, Human Resources	130 N. Main St. Butte, MT 59701	406-496-5100
Perry J. Cole	Senior Vice President, Sales Solutions	130 N. Main St. Butte, MT 59701	406-497-2801
Kevin P. Dennehy	Vice President, Venture Integration	130 N. Main St. Butte, MT 59701	406-496-5100
Liza L. Dennehy	Vice President, Wireless Solutions	130 N. Main St. Butte, MT 59701	406-496-5100
Patrick T. Fleming	Vice President and General Counsel	130 N. Main St. Butte, MT 59701	406-497-2831
Harrison J. Freebourn	Treasurer	130 N. Main St. Butte, MT 59701	406-496-5100
Dan L. Gay	Vice President, Marketing	5975 S. Quebec St. Suite 19 Englewood, CO 80111	720-489-2721
Patrick M. Hogan	Vice President, Interconnect Solutions	130 N. Main St. Butte, MT 59701	406-496-5100
Ernest J. Kindt	Assistant Controller	130 N. Main St. Butte, MT 59701	406-497-2232
Steve G. Maederer	Vice President of Wholesale Solutions	3941 SE 26 th Place Gresham, OR 97080	503-663-1105
Thomas P. McGree	Vice President, Network Operations	16 E Granite St. Butte, Montana 59701	
Michael J. Meldahl	President and Chief Operating Officer	130 N. Main St. Butte, MT 59701	406-497-5199

TOUCH AMERICA, INC.
OFFICERS AS OF AUGUST 30, 2000

Pamela K. Merrell	Secretary	130 N. Main St. Butte, MT 59701	406-497-2142
George D. Paul	Vice President, Customer Service	130 N. Main St. Butte, MT 59701	406-496-5100
Jerrold P. Pederson	Vice President and Chief Financial Officer	130 N. Main St. Butte, MT 59701	406-497-2188
Rose M. Ralph	Assistant Secretary	130 N. Main St. Butte, MT 59701	406-497-2374
Rita H. Spear	Vice President, Networks	130 N. Main St. Butte, MT 59701	406-496-5100
Barbara A. Street	Assistant Secretary	130 N. Main St. Butte, MT 59701	406-497-2683
Robert P. Gannon	Chairman of the Board	130 N. Main St. Butte, MT 59701	406-497-2365

EXHIBIT 4

Management Resumes

Michael J. Meldahl

President and Chief Operating Officer

For more than 11 years Michael J. (Mike) Meldahl, MPC's executive vice president, Telecommunication's Division, has successfully guided Montana Power's move into the competitive telecommunications business, which began in 1983.

Meldahl joined Telecommunications Resources Incorporated (TRI), MPC's first nonutility communications enterprise, in 1986. He subsequently moved TRI from a company that provided communications engineering, consulting and installation services on a contract basis into what is known today as Touch America, a full-service telecommunications operating company that has one of the largest fiber-optic networks in the country.

Meldahl is a native of Sidney, Montana. He earned a B.S. in civil engineering from Montana State University (MSU), Bozeman, in 1967 and added a MS in engineering from MSU in 1972. He then went to work for the State of Montana, where he helped establish and worked with computer systems for several state agencies. He joined Montana Power in 1981 as manager of application programming in the company's computer department.

Meldahl held several assignments with increasing responsibility in Montana Power's computer department, including manager of computer and information systems, and in 1986, he was named president and chief operating officer of TRI, a predecessor company of Touch America.

In May 1996, he was named vice president of Communication Services in Montana Power's Energy and Communications Services Division, and in December 1998, he was named president and chief operating officer of Touch America.

Jerrold P. Pederson**Vice Chairman and Chief Financial Officer**

Jerrold "Jerry" Pederson is a native of Billings, Montana. He graduated from Billings Central High School and attended Gonzaga University, where he received a Bachelor of Business Administration (B.B.A.) in accounting in 1964. He joined Montana Power Company March 8, 1965. While employed by MPC, Pederson has attended the University of Idaho Executives' Course (1980) and Harvard University Advanced Management Program (1994).

From Junior Auditor in 1965, he became Senior Auditor in 1969, named Tax Accountant in 1976, and promoted to Manager of General Accounting in 1979. He was promoted to Assistant Controller in 1980 and Controller in 1982. In May of 1990, he was named Vice President, Corporate Finance and Controller and in 1991, Vice President and Chief Financial Officer. In July 1993, Pederson was named to the MPC Board of Directors and in March 1996, Vice President, Chief Financial and Information Officer. He relinquished his CIO duties in 1999.

Perry J. Cole

Senior Vice President, Sales

Perry J. Cole was named Touch America's senior vice president of sales in July 2000 with responsibilities for wholesale, commercial and residential sales.

Prior to this assignment he was Touch America's vice president of business development, focusing on the telecommunications company's rapid growth and business opportunities.

Previously, Cole was vice president of corporate business development for Montana Power, which he joined in 1980 as an accountant. He has worked with the corporation's budget and financial planning department -- as manager of Budget and Financial Planning, first for Western Energy, a Montana Power coal mining subsidiary, and later for the regulated electric and natural gas utilities. Cole then became manager of Financial Planning and Analysis in Montana Power's Office of the Corporation.

In 1992, Cole was promoted to assistant treasurer for the utility with additional responsibilities for planning, and a year later was promoted to treasurer. When Montana Power restructured in early 1996, Cole was named vice president of Business Development and Regulatory Affairs. He was named vice president of Corporate Business Development in June 1999.

With Montana Power's decision on March 28, 2000 to focus on Touch America as its future growth engine and to divest all of its energy businesses, Cole was named Touch America's vice president of Business Development.

He is a native of Havre, Montana, where he attended local schools. He graduated from the University of Montana in 1979 with both a bachelor and master's degrees in business administration, with a concentration in finance. He worked for one year with First Bank System in Minneapolis before joining MPC.

Rita Spear

Vice President, Networks

Rita Spear oversees all of Touch America's fiber-optic and wireless network activities after serving as executive director of engineering. She brings to Touch America extensive project management experience in scheduling, budgeting, equipment ordering, automation engineering and layout, control algorithms, testing, and field installation.

She joined Tetragenics, an affiliate of Touch America, in 1993 as an engineer. She assumed increasing responsibilities, eventually becoming manager of Tetragenics in 1996. She was named executive director of corporate services for Touch America/Tetragenics in 1999, and then became executive director of engineering for Touch America in January 2000.

In July 2000, Spear was named Touch America's vice president, networks, with responsibility for network construction, operation and installation.

Spear is a native of Butte, Montana. She earned a Bachelor of Science in computer science from Montana College of Mineral Science and Technology in 1985 and added an MS in computer science from Montana State University in 1992.

Spear has been an adjunct computer science instructor at Montana Tech, Butte, and is currently on the Industry Advisory Board for the Computer Science and General Engineering Departments.

John J. Burke

Controller

John J. Burke, Touch America's controller, currently is responsible for all of the accounting, reporting and disbursement functions within Touch America, and transition to the company from Montana Power.

Joining Montana Power in 1986 as a junior accountant, Burke has held several positions with increasing responsibilities in the areas of accounting, financial reporting, and financial analysis.

A Certified Public Accountant in the State of Montana, Burke has held various financial reporting and accounting positions within Montana Power with the most recent being the director of Energy Supply Division Accounting. He also spent three years as the director of the Corporate Financial Reporting Department.

Prior to joining Montana Power, Burke worked as an accountant for a Montana-based public accounting firm.

Burke is a native of Butte, Montana, where he attended local schools. He was graduated from the University of Montana in Missoula with a Bachelor of Science in business administration and recently completed the University of Michigan's Management II development program.

Dan L. Gay

Vice President and Chief Marketing Officer

Dan L. Gay, vice president and chief marketing officer, brings 15 years of sales and marketing experience in the telecommunications industry to Touch America.

Gay began his career with MCI Telecommunications where he started as an Account Executive in 1985, then was promoted to various management positions, becoming a national account director for the West Region in 1997. He joined Qwest Communications in 1999 as regional vice president, providing direction for sales, service, technical support, and finance in a 16-state region.

Gay joined Touch America in July 2000 and is responsible for marketing, brand and image, and advertising, positioning and enhancing Touch America's brand awareness in the marketplace through product packaging and sales promotions. His additional responsibilities include creating motivational programs, incentives, and recognition for the sales staff in a way that allows individuals to excel while meeting the goal of increased revenues for Touch America.

A native of Colorado Springs, Colorado, Gay earned a Bachelor of Science degree in Marketing and Advertising in 1984 from Arizona State University in Tempe, Arizona.

Carol A. Giamona

Business Integration Controller

Carol A. Giamona currently is responsible for financial integration of new ventures in Touch America. She joined Montana Power in 1992 as accountant for Western Energy and worked as a contract, lands, and lease analyst for several years before accepting a position as a financial systems project leader for the corporation.

In 1998, she started with Touch America as the general manager of Corporate Services. Giamona was the division controller for Touch America prior to being assigned to her current position.

A Certified Public Accountant in the State of Montana, she has extensive experience with contract management, joint ventures, and financial systems.

Prior to joining Montana Power, Giamona worked as an accounting manager for a real estate investment company in Tucson, Arizona.

Giamona is a native of Missoula, Montana, where she attended local schools. She graduated from the University of Oklahoma in Norman in 1989 with a bachelor's degree in business administration.

Patrick M. Hogan

Vice President of Interconnect Solutions

Patrick M. (Pat) Hogan, is Touch America's vice president of Interconnect Solutions with responsibilities for product research, product pricing, vendor relations, application solutions, sales support, training and education, sales engineering, customer retention, materials management, project management, and design implementation.

He joined Touch America in 1989 and has held positions in marketing, network planning, engineering, regulatory and legislative affairs, and general management. Prior to that he worked for the state of Montana's Telecommunications Bureau in Helena.

A native of Corning, Iowa, Hogan attended Iowa State University in Ames earning an engineering degree in 1978. He also attended George Washington University School of Engineering in Washington DC.

Kevin P. Dennehy

Venture Integration Vice President

As the vice president of Venture Integration for Touch America, Kevin P. Dennehy currently is responsible for insuring the integration of all new acquisitions, mergers and partnerships into Touch America's core business units.

Kevin started working for Touch America in 1989 as a marketing representative. He later was promoted to director of Marketing and Sales where he oversaw all the sales and marketing activities for Touch America's Long Distance and Private Line services. Prior to joining Touch America, he worked for National Center for Appropriate Technology in Butte, Montana.

A Butte, Montana, native, Dennehy earned a Bachelor of Science Degree in Business Finance in 1986 from the Montana College of Mineral Science and Technology in Butte. In 1997, he earned a Masters of Business Administration from the University of Montana in Missoula.

Robert Cenek

Vice President of Human Resources

Bob Cenek is Touch America's vice president of Human Resources. With 20 years of experience in human resource management and organization development, he leads the company's compensation, benefits, labor relations, employment and training, and change management activities.

Prior to his joining Touch America in March 2000, Bob was executive director Human Resources for The Montana Power Company, a position he held since 1996. Cenek joined Montana Power in 1993 as executive assistant in organization development.

Cenek earned a Bachelor of Arts degree in economics in 1978 from the University of Northern Iowa at Cedar Falls, following military service in the U.S. Army. He joined Bristol-Myers Squibb in 1979 after graduating with an M.A in Industrial Relations from the University of Cincinnati. At Bristol-Myers Squibb, he progressed through a number of positions, and eventually became Manager of Training and Management Development for its corporate staff function in New York City.

In 1986, he joined General Mills in Minneapolis where he headed up training and organization development. While employed with General Mills, he helped lead the establishment of self-directed work teams in the company's 11 manufacturing plants.

In 1989, Cenek joined INTERMEC in Everett, Washington, a pioneer of bar code technology, also in a training and organizational development capacity, and in 1992, he joined John Fluke Manufacturing Company, also a high technology enterprise headquartered in Everett, where he consulted on total quality management and work culture change.

Patrick T. Fleming

Vice President and General Counsel

Patrick T. Fleming is Touch America's top legal executive. After serving as Montana Power Company's Assistant General Counsel for the past 16 years, Patrick Fleming assumes responsibility for Touch America's legal, governmental, and regulatory affairs. He brings to Touch America a broad base of experience in contracts, employment law, litigation, and business transactions.

As an attorney for Montana Power, Fleming initially focused on employment law, and later moved into litigation. More recently his duties were expanded to include contracts and transactions for the nonutility energy supply businesses.

Prior to joining Montana Power in 1984, Patrick was a clerk for the Montana Supreme Court, served as staff attorney for the U.S. Government in Billings, Montana, and was chief deputy county attorney for Butte-Silver Bow.

Patrick is a native of Butte, Montana, where he graduated from Butte Central High School in 1971. He received a Bachelor of Science degree in Business Administration from the University of Montana in 1975, and graduated with honors from The University of Gonzaga Law School in 1978 where he earned a Juris Doctor law degree.

Robert P. Gannon

Chairman, President and Chief Executive Officer

Bob Gannon is the chairman, president and chief executive of The Montana Power Company. Before joining Montana Power in 1974 as an attorney, Gannon had served two years as an Assistant Attorney General for the State of Montana, and another two and a half years as an Assistant U.S. Attorney for Montana.

For nine years, Gannon was a staff attorney for Montana Power, with responsibilities that included work with the Montana Legislature. In 1983, he was named the corporation's assistant general counsel, then general counsel, and for five years, from 1984 to 1989, he was vice president and general counsel.

In 1990, Gannon was selected as president of Montana Power's utility company, and elected to the Board of Directors. Two years later, he also was named chief operating officer. In January 1996, Gannon was named vice chairman and president of The Montana Power Company. He was named chief executive officer July 1, 1997. Under the company's previously announced succession plan, Gannon became chairman January 1, 1998.

Under Gannon's direction Montana Power has been transforming itself from a vertically integrated electric and natural gas utility, with competitive businesses in energy and technology, into a telecommunications and energy company. Montana Power's growth engine is Touch America, its telecommunication subsidiary.

Gannon is a native of Butte, Montana and a 1966 graduate of the University of Notre Dame with a bachelor's degree in government. He earned his law degree (Juris Doctor) in 1969 from the University of Montana, and he completed the Harvard Advanced Management Program in 1989.

Liza L. Dennehy

Vice President, Wireless Solutions

Lisa L. Dennehy, Touch America's vice president, Wireless Solutions, is responsible for all of Touch America's wireless endeavors, which includes managing the build-out and establishment of Touch America's wireless services, whether independently or with partners. In the interim she also will manage the data product solutions offerings, including asynchronous transfer mode (ATM), frame relay, and wide area network (WAN) and local area network (LAN) products.

She serves as chairman of the board for Wireless North, and is executive vice president and serves on the board of managers for TW Wireless, LLC. Touch America has an ownership interest in each of these companies, both of which provide personal communications services in separate areas of the Pacific Northwest, Rocky Mountain, and Upper Midwest states.

Dennehy is a native of Butte, Montana. She attended Montana College of Mineral Science and Technology, where she received a Bachelor of Science in computer science in 1988. She earned a Masters of Business Administration from the University of Montana in 1998. Dennehy brings to Touch America extensive computer and networking experience, along with proven business development expertise.

Dennehy joined Montana Power in 1984 as a programmer in training, working in the Information Services Department. Upon graduation from college, she became a user support analyst, heading the team of programmers and network specialists who provided support for payroll, personnel, engineering and accounting systems as well as managing a 200-person local area network.

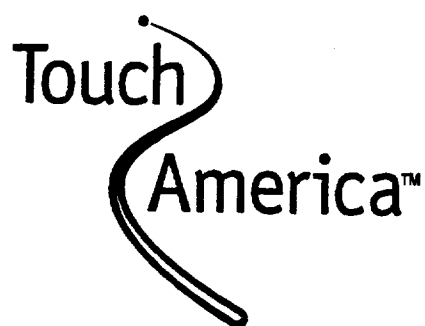
In 1994, Dennehy transferred to Continental Energy Services, Inc., MPC's independent power subsidiary, where she was director, business development, responsible for evaluating national and international project opportunities, and leading and managing development teams in the pursuit of investments in the independent power arena. Dennehy joined Touch America in 1998 as general manager of local access, and was named Touch America's vice president, data and wireless solutions in July 2000.

EXHIBIT 5

Financial Statements



Financial Statements



December 31, 1999

TOUCH AMERICA, INC.

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Report of Independent Accountants

To the Board of Directors of
Touch America, Inc.

In our opinion, the accompanying balance sheet and the related statements of income and retained earnings and of cash flows present fairly, in all material respects, the financial position of Touch America, Inc. at December 31, 1999 and 1998, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

As more fully discussed in Note 1 to the financial statements, as of July 1, 1999, the Company changed its method of accounting for dark fiber transactions.

PricewaterhouseCoopers LLP

May 3, 2000

TOUCH AMERICA, INC.

BALANCE SHEET

ASSETS

	December 31	
	1999	1998
	(Thousands of Dollars)	
Current assets:		
Cash and cash equivalents.....	\$ 35	\$ 118
Accounts and notes receivable:		
Trade, net of allowance for doubtful accounts.....	20,021	6,769
Related parties.....	4,527	30,536
Inventory.....	4,167	3,350
Deferred income taxes.....	1,082	4,107
Prepaid expenses and other assets.....	601	556
	<u>30,433</u>	<u>45,436</u>
Other assets:		
Investments.....	39,690	30,895
Other.....	218	395
	<u>39,908</u>	<u>31,290</u>
Deferred income taxes	96,491	-
Property, plant, and equipment:		
Land.....	579	476
Buildings and structures	3,762	3,053
Fiber-optic network.....	48,995	52,503
Communications equipment.....	55,195	51,804
Office furniture and equipment.....	1,182	825
Vehicles	684	586
Construction work-in-progress	129,772	15,431
	<u>240,169</u>	<u>124,678</u>
Less – accumulated depreciation and amortization.....	21,360	12,314
	<u>218,809</u>	<u>112,364</u>
	<u>\$ 385,641</u>	<u>\$ 189,090</u>

The accompanying notes are an integral part of these financial statements.

TOUCH AMERICA, INC.

BALANCE SHEET

LIABILITIES AND SHAREHOLDER'S EQUITY

	December 31	
	1999	1998
	(Thousands of Dollars)	
Current liabilities:		
Accounts payable:		
Trade.....	\$ 29,241	\$ 6,103
Related parties	55,345	107,051
Income taxes payable.....	23,233	5,270
Deferred revenue	25,479	1,039
Other.....	157	7
	<u>133,455</u>	<u>119,470</u>
Deferred credits and long-term liabilities:		
Deferred revenue	215,195	15,734
Deferred income taxes	-	2,300
Other deferred credits.....	164	56
	<u>215,359</u>	<u>18,090</u>
Commitments and contingencies		
Shareholder's equity:		
Common stock, (no par value; 50,000 shares authorized; 430 shares issued and outstanding)	43	43
Additional paid-in capital	9,654	9,654
Retained earnings, per accompanying statement.....	27,130	41,833
	<u>36,827</u>	<u>51,530</u>
	<u>\$ 385,641</u>	<u>\$ 189,090</u>

The accompanying notes are an integral part of these financial statements.

TOUCH AMERICA, INC.

STATEMENT OF INCOME AND RETAINED EARNINGS

	Year Ended December 31	
	1999	1998
	(Thousands of Dollars)	
Revenues:		
Revenues from operations	\$ 83,080	\$ 87,592
Earnings from equity investments	10,435	10,758
	<u>93,515</u>	<u>98,350</u>
Operating expenses:		
Operations and maintenance	33,367	26,044
Selling, general, and administrative	11,708	11,327
Taxes other than income taxes	3,762	3,203
Depreciation and amortization	9,046	6,953
	<u>57,883</u>	<u>47,527</u>
Income from operations	35,632	50,823
Other income – net	627	819
Income before income taxes	36,259	51,642
Income taxes	13,962	20,392
Net income	22,297	31,250
Retained earnings, beginning of year	41,833	10,583
Dividends paid	(37,000)	-
Retained earnings, end of year	\$ 27,130	\$ 41,833

The accompanying notes are an integral part of these financial statements.

TOUCH AMERICA, INC.

STATEMENT OF CASH FLOWS

	Year Ended December 31	
	1999	1998
	(Thousands of Dollars)	
Net cash flows from operating activities:		
Net income	\$ 22,297	\$ 31,250
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization.....	9,046	6,953
Deferred income taxes.....	(95,766)	(6,211)
Earnings from equity investments	(10,435)	(10,758)
Changes in assets and liabilities:		
Accounts and notes receivable – trade.....	(13,252)	1,519
Accounts and notes receivable – related parties.....	26,009	(28,954)
Inventory.....	(817)	(427)
Accounts and taxes payable – trade.....	23,138	(1,134)
Accounts and taxes payable – related parties.....	(51,706)	41,093
Income taxes payable	17,963	5,225
Deferred revenue.....	233,368	(2,441)
Other assets and liabilities	390	803
Net cash provided by operating activities.....	160,235	36,918
Net cash flows from investing activities:		
Capital expenditures.....	(115,491)	(31,011)
Investment in partnerships.....	(26,141)	(5,910)
Distributions from investments.....	18,314	-
Net cash used for investing activities	(123,318)	(36,921)
Net cash flows from financing activities:		
Dividends paid.....	(37,000)	-
Net cash used for financing activities.....	(37,000)	-
Net decrease in cash and cash equivalents.....	(83)	(3)
Cash, beginning of year	118	121
Cash, end of year.....	\$ 35	\$ 118
Supplemental disclosures of cash flow information:		
Cash paid during year for:		
Income taxes	91,765	21,378

The accompanying notes are an integral part of these financial statements.

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TOUCH AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

NATURE OF BUSINESS

Touch America, Inc. is a wholly owned subsidiary of Entech, Inc. (Entech), which is a wholly owned subsidiary of The Montana Power Company (Montana Power). We are a fully integrated telecommunications company providing private-line, long-distance, Internet, and other telecommunications products and services. We design, develop, construct, own, operate, maintain, and manage a fiber-optic network and wireless facilities. Our fiber-optic network spans 14 states and consists of approximately 11,000 operational and approximately 12,000 under-construction route miles at the end of 1999. We either hold title to, or have contractual fiber-use rights in, these route miles. The fiber-use rights are granted through Indefeasible Rights-of-Use (IRU) agreements, which allow the holder sole use of the route.

We are focused on expanding our fiber-optic network and increasing network traffic through a combination of relationships with major customers (large-volume commercial or wholesale customers), investments with third parties, and acquisitions. We provide wholesale services through leases of lit (fully operational) or dim (regeneration equipment but no optical equipment) fiber capacity, and dark (no optical or regeneration equipment) fiber-use rights to other telecommunications companies. We are able to create the "last-mile" connection with our Personal Communication Services (PCS) and Local Multi-Point Distribution Services (LMDS) technologies, which allow us to connect our customers to our fiber network via wireless applications.

We have four divisions: 1) private-line services division, which through our broadband fiber network, provides dedicated voice, data, video, ATM, and frame-relay services, and leases network capacity to other telecommunications companies principally through IRU agreements; 2) long-distance services division, which provides retail, wholesale, carrier, and Internet services; 3) equipment services division, which installs and maintains digital switching equipment, ready for complete integration into networks, the Internet, voice messaging, call centers, and e-business; and 4) local-access services division, which provides wireless services to create "last-mile" connections to customers through our PCS and LMDS technologies.

We have staffed offices in Minneapolis, Minnesota; Fargo, North Dakota; Billings, Bozeman, Helena, Butte, Great Falls, Kalispell, and Missoula, Montana; Boise, Idaho; Spokane and Seattle, Washington; Portland and Eugene, Oregon; Casper, Wyoming; and Denver, Colorado.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Use of Estimates

Our accounting policies and preparation of these financial statements conform with Generally Accepted Accounting Principles, which require the use of estimates based on information available. Actual results may differ from our accounting estimates as new events occur or we obtain additional information.

Cash and Cash Equivalents and Temporary Investments

We consider all liquid investments with original maturities of three months or less as cash equivalents, and investments with original maturities over three months and up to one year as temporary investments.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Accounts Receivable

Accounts receivables are presented net of allowance for doubtful accounts of \$744,000 in 1999 and \$540,000 in 1998. We evaluate and provide for our allowance for doubtful accounts based upon a percentage of historical revenues.

Inventory

We state our inventory at cost, as determined on an average-cost basis, which does not exceed market value. Inventory consists primarily of materials held for resale, partially assembled components, and material used in the maintenance of our fiber-optic network. When appropriate, we have made provisions to reduce obsolete or unusable inventory to estimated useful or scrap values.

Property, Plant, and Equipment

We record property, plant, and equipment at cost. We charge maintenance and repairs to operations expense as incurred, and we capitalize improvements. We classify costs associated with uncompleted portions of our fiber-optic network as construction work in progress and, upon completion, classify the costs as network systems. For joint-build construction contracts, we record the total costs of construction reduced by reimbursements received, resulting in a net cost of the asset constructed. We record exchanges of fiber-use rights (swaps) as the cost of the asset transferred plus cash paid, if any, or, if cash is received, as the cost of the asset transferred less cash received. We recognize gains or losses upon the sale or disposition of property, plant, and equipment.

We depreciate and amortize our property, plant, and equipment on a straight-line basis over the estimated useful lives of the assets as follows:

<u>Classification</u>	<u>Years</u>
Buildings and structures	30
Fiber-optic network	20
Communications equipment	10
Office furniture and equipment	5
Vehicles	5

Asset Impairment

In accordance with Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," we periodically review long-lived assets for impairment whenever events or changes in circumstances indicate that we may not recover the carrying amount of an asset.

Deferred Revenues

We defer revenues to account for the timing differences between when a customer is billed and revenues are earned and reflect these amounts on the Balance Sheet in "Deferred Revenue." We classify the current portion of these amounts as "Current Liabilities" on the Balance Sheet. For further information on our deferred revenues, see Note 4, "Deferred Revenue."

Fair Value of Financial Instruments

We have estimated the fair value of our financial instruments using available market information and appropriate valuation methodologies in accordance with Statement of Financial Accounting Standards No. 107, "Disclosures About Fair Value of Financial Instruments." All of our material financial instruments, mainly current assets and liabilities, are recognized on the Balance Sheet as of December 31, 1999 and 1998. The value reflected on the Balance Sheet (carrying value) approximates fair value for our financial assets and liabilities as they have short maturities or are invested in financial instruments with short maturities.

**NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED):**

Revenue and Expense Recognition

We record revenues monthly on the basis of consumption or service rendered. To match revenues with associated expenses, we accrue unbilled revenues for services delivered to customers but not yet billed at month-end.

In conjunction with our efforts to expand our fiber-optic network, we entered into agreements to grant and exchange fiber-use rights, principally through IRU agreements. Prior to July 1, 1999, we recognized revenues of fiber-use rights that qualified for sales-type lease accounting at the time of delivery and acceptance of the dark fiber by the customer. For those transactions, we determined cost of revenue by allocating the total estimated costs of the network to the specific fibers granted to the customer.

We have changed our revenue recognition policy, effective July 1, 1999, with the Financial Accounting Standards Board issuance of Interpretation No. 43, "Real Estate Sales," an Interpretation of Statement of Financial Accounting Standards No. 66. This interpretation was effective for transactions entered into after June 30, 1999 and requires entities to recognize revenues on fiber-use right agreements, or similar agreements, over the period of the agreement rather than at the time of execution if title to the fiber does not transfer to the customer by the end of the agreement term. In granting fiber-use rights, therefore, we record these transactions as operating leases and recognize revenues over the term of the agreement. The effect of this change in accounting resulted in approximately \$7,000,000 of revenues that we did not record in 1999 from fiber-use right transactions entered into after June 30, 1999.

Income Taxes

We are included in the consolidated federal income tax return of Montana Power. However, income tax expense is provided as if we filed a separate consolidated income tax return. The provision for income taxes includes both amounts payable currently as well as amounts deferred as a result of differences between the financial reporting basis and tax basis of our assets and liabilities.

Deferred income taxes are provided for temporary differences that are reported in different years for financial accounting and income tax purposes. The deferred income taxes are calculated using the income tax rates which will be in effect when the temporary differences reverse. For additional information on income taxes, see Note 3, "Income Taxes."

Regulatory

In providing interstate telecommunications services, we comply with federal telecommunications laws and regulations prescribed by the Federal Communications Commission. At the state level, we are subject to regulations by the various state public service commissions. We do not expect actions by these regulatory agencies to adversely affect our operations.

NOTE 2 – INVESTMENTS:

We record our initial investment at cost and have accounted for these investments under the equity method because we maintain a 20 to 50 percent ownership interest, or we otherwise have the ability to exercise significant influence over the financial and operating policies. Our investments consist of the following:

	December 31	
	1999	1998
	(Thousands of Dollars)	
FTV Communications LLC (FTV)	\$ 16,355	\$ 30,565
TW Wireless LLC (TWW).....	13,626	-
Northern Colorado Telecommunications LLC	9,276	-
Other investments	433	330
	<u>\$ 39,690</u>	<u>\$ 30,895</u>

FTV: In 1997, we formed a company with Williams Communications, Inc. and Enron Broadband Services to construct, own, operate, and maintain an approximately 1,700-mile fiber-optic network from Portland to Los Angeles.

TWW: In August 1999, we and US WEST Wireless formed a company to provide "one-number" wireless telephone service in an eight-state region of the Pacific Northwest and Upper Midwest. That service provides a customer with one directory number for PCS phone and home or business phone.

Northern Colorado Telecommunications LLC: In August 1999, we and New Century Energies (NCE) formed a company to provide a full range of telecommunication services, including private-line service, to enterprises in the Denver metropolitan area by the middle of 2000.

Iowa Telecommunications Services, Inc. (ITS): In June 1999, we and Iowa Network Services, Inc. (INS) formed ITS. ITS plans to will purchase from a third party 280,422 domestic access lines connected to 296 telephone exchanges in Iowa. As of December 31, 1999, we did not record an initial investment in ITS as we have not made our initial equity contribution. However, in 1999, we did loan ITS approximately \$2,700,000 which is payable to us upon demand. See Note 9, "Subsequent Events," for additional discussion regarding our investment.

NOTE 3 – INCOME TAXES:

Income taxes charged (credited) to income are as follows:

	Year Ended December 31	
	1999	1998
	(Thousands of Dollars)	
Current		
Federal	\$ 93,560	\$ 22,414
State	16,168	4,189
	109,728	26,603
Deferred		
Federal	(81,403)	(5,237)
State	(14,363)	(974)
Total deferred	(95,766)	(6,211)
Total provision	\$ 13,962	\$ 20,392

Deferred income taxes liabilities (assets) are comprised of the following:

	December 31	
	1999	1998
	(Thousands of Dollars)	
Plant – depreciation, amortization, and dispositions	\$ 5,329	\$ 3,887
Other temporary differences	3,963	93
Gross deferred tax liabilities	9,292	3,980
Tax revenues	(105,080)	(1,066)
Book revenues	(965)	(3,987)
Book expenses	(820)	(734)
Gross deferred tax assets	(106,865)	(5,787)
Net deferred assets	\$ (97,573)	\$ (1,807)

Expected income taxes, calculated by multiplying net income before income taxes by the United States income tax rates of 35 percent, are reconciled to actual income taxes as follows:

	Year Ended December 31	
	1999	1998
	(Thousands of Dollars)	
Expected income taxes	\$ 12,691	\$ 18,075
Adjustments for the tax effects of:		
State income taxes net of federal benefit	1,227	2,305
Other	44	12
Actual income taxes	\$ 13,962	\$ 20,392

NOTE 3 – INCOME TAXES (CONTINUED):

Deferred income taxes consist of the following:

	Year Ended December 31	
	1999	1998
	(Thousands of Dollars)	
Depreciation and amortization.....	\$ 1,442	\$ 620
Deferred revenues	(100,993)	(6,620)
Deferred expenses.....	(78)	(309)
State	3,863	98
	<u>\$ (95,766)</u>	<u>\$ (6,211)</u>

NOTE 4 – DEFERRED REVENUE:

Deferred revenue for 1999 relates primarily to a \$257,000,000 prepayment received in January 1999, representing all amounts due for the remaining initial term (twelve years) of a telecommunications contract. We are recognizing this revenue ratably over the remaining term of the contract.

NOTE 5 – CONCENTRATION OF CREDIT RISK AND SIGNIFICANT CUSTOMERS:

Because we derive a portion of our revenues from services provided to other telecommunications companies, we have some concentration of credit risk among our customer base. We perform ongoing credit evaluations of the financial condition of our larger customers, but we have not required significant collateral to support our receivables.

A small number of customers account for a significant amount of our total revenues. For the years ended December 31, 1999 and 1998, the customer that exercised the prepayment option in January 1999, discussed in Note 4, represented approximately 24 percent and 46 percent of our total revenues, respectively.

NOTE 6 – RETIREMENT PLANS:

Under Montana Power's Pension Plan, we maintain trustee, noncontributory retirement plans covering substantially all of our employees. Prior to 1998, retirement benefits were based on salary, years of service, and social security integration levels. In 1998, the retirement plan's benefit provisions were amended, and retirement benefits are now based on salary, age, and years of service.

Plan assets consist primarily of domestic and foreign corporate stocks, domestic corporate bonds, and United States Government securities.

Certain senior management executives participate in an unfunded, nonqualified Montana Power benefit plan. In December 1998, benefits earned were frozen, and this plan was curtailed.

Under Montana Power's Flexible Benefits Plan, we provide certain health care and life insurance benefits for eligible retired employees.

In conjunction with the retirement plan, we have a voluntary retirement savings plan. We contribute a matching percentage comprised of shares from a leveraged Employee Stock Ownership Plan arrangement and shares purchased on the open market.

NOTE 6 – RETIREMENT PLANS (CONTINUED):

The following tables provide a reconciliation of the changes in the plans' benefit obligations and fair value of assets over the two-year period ending December 31, 1999, and a statement of the funded status as of December 31 of both years, relating to our employees and retirees:

	Pension Benefits		Other Benefits	
	1999	1998	1999	1998
	(Thousands of Dollars)			
Change in benefit obligation:				
Benefit obligation at January 1.....	\$ 2,043	\$ 1,545	\$ 246	\$ 207
Service cost on benefits earned.....	236	163	35	33
Interest cost on projected benefit obligation.....	153	119	19	17
Plan amendments.....	-	401	-	8
Actuarial gain.....	(515)	(185)	(52)	(19)
Gross benefits paid.....	(21)	-	-	-
Benefit obligation at December 31.....	<u>\$ 1,896</u>	<u>\$ 2,043</u>	<u>\$ 248</u>	<u>\$ 246</u>
Change in plan assets:				
Fair value of plan assets at January 1.....	\$ 1,366	\$ 1,179	\$ -	\$ -
Actual return on plan assets.....	90	187	-	-
Gross benefits paid.....	(21)	-	-	-
Fair value of plan assets at December 31.....	<u>\$ 1,435</u>	<u>\$ 1,366</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of funded status:				
Funded status at end of year.....	\$ (461)	\$ (677)	\$ (248)	\$ (246)
Unrecognized net:				
Actuarial gain.....	(892)	(424)	(115)	(74)
Prior service cost.....	399	433	25	27
Transition obligation.....	15	18	55	59
Net amount recognized at December 31.....	<u>\$ (939)</u>	<u>\$ (650)</u>	<u>\$ (283)</u>	<u>\$ (234)</u>

An accrued pension benefit cost of \$939,000 and \$650,000 and an accrued other benefit cost of \$283,000 and \$234,000 for the years 1999 and 1998, respectively, were recognized on the Balance Sheet.

The following tables provide the components of net periodic benefit cost for the pension and other postretirement benefit plans, for fiscal years 1999 and 1998:

	Pension Benefits		Other Benefits	
	1999	1998	1999	1998
	(Thousands of Dollars)			
Service cost on benefits earned.....	\$ 236	\$ 163	\$ 35	\$ 33
Interest cost on projected benefit obligation.....	153	119	19	17
Expected return on plan assets.....	(122)	(106)	-	-
Amortization of:				
Transition obligation.....	3	3	4	4
Prior service cost.....	34	34	2	2
Actuarial gain.....	(15)	(8)	(2)	(3)
Net periodic benefit cost.....	<u>\$ 289</u>	<u>\$ 205</u>	<u>\$ 58</u>	<u>\$ 53</u>

NOTE 6 – RETIREMENT PLANS (CONTINUED):

The following assumptions were used in the determination of actuarial present values of the projected benefit obligations:

	Pension Benefits		Other Benefits	
	1999	1998	1999	1998
Weighted average assumptions as of December 31				
Discount rate	7.75%	6.75%	7.75%	6.75%
Expected return on plan assets.....	9.00%	9.00%	9.00%	9.00%
Rate of compensation increase	4.40%	3.75%	4.40%	3.75%

Assumed health care costs trend rates have a significant effect on the amounts reported for the health care plans. A change in assumed health care cost trend rates of one percent would have the following effects:

	1% Increase	1% Decrease
	(Thousands of Dollars)	
Effect on total of service and interest cost component of net periodic postretirement health care benefit cost.....	\$ 2	\$ (2)
Effect on the health care component of the accumulated postretirement benefit obligation.....	10	(9)

The assumed 2000 health care cost trend rates used to measure the expected cost of benefits covered by the plans is seven percent. The trend rate decreases through 2004 to five percent.

NOTE 7 – RELATED PARTY TRANSACTIONS:

Receivables and Payables

Related party receivables primarily result from either services we provide to, or payments we make on behalf of, our affiliated companies and joint ventures. Related party payables primarily result from services that we receive from our affiliated companies and joint ventures.

	December 31	
	1999	1998
	(Thousands of Dollars)	
Accounts and notes receivable – Montana Power.....	\$ 211	\$ 180
Accounts and notes receivable – Entech	1,008	1,799
Accounts and notes receivable – FTV	-	28,519
Accounts and notes receivable – TWW.....	315	-
Accounts and notes receivable – ITS	2,953	-
Accounts and notes receivable – Other	40	38
	<u>\$ 4,527</u>	<u>\$ 30,536</u>
Accounts payable – Montana Power	\$ 1,007	\$ 776
Accounts payable – Entech.	46,404	105,815
Accounts payable – Northern Colorado Telecommunications LLC.....	7,772	-
Accounts payable – Other	162	460
	<u>\$ 55,345</u>	<u>\$ 107,051</u>

Related Party Revenues and Interest Income

During 1999 and 1998, revenues from telecommunications services provided to affiliated companies totaled approximately \$768,000 and \$849,000, respectively. In addition, during 1999 and 1998, we earned approximately \$613,000 and \$969,000, respectively, of interest income from outstanding notes receivables from affiliated companies.

Shared Administrative Services

We receive general and administrative services from Montana Power Services Company, a wholly owned subsidiary of Entech. Our direct and allocated expenses incurred for these services were approximately \$1,995,000 and \$1,119,000 in 1999 and 1998, respectively.

NOTE 8 – COMMITMENTS AND CONTINGENCIES:

COMMITMENTS

Construction Projects

Northern Telecom, Inc.: In 1999 and 1998, we contracted with Northern Telecom, Inc. (Nortel) to install optronics on certain fiber-optic networks. We expect the installations to be completed in the fourth quarter of 2000 at a cost of \$51,800,000, of which a total of \$28,300,000 was paid in 1999 and 1998. The remaining \$23,500,000 is scheduled for payment in 2000 as various segments of the fiber-optic network under construction are completed. In 1999, we also contracted with Nortel to upgrade a telephone switch in the first quarter of 2000 at a cost of \$3,000,000. TWW will lease the switch from us for the life of the company. We continue to enter into arrangements with Nortel for installations of optronics on our network, including installations related to our acquisition from Qwest Communications International, Inc. (Qwest) discussed in Note 9, "Subsequent Events," in the "Acquisitions" section.

AT&T: In October 1999, we entered into a contract to construct a high-speed, fiber-optic network for AT&T. The contract allows us to install our own fiber-optic network at the same time and along the same network routes we will construct for AT&T. The network will span more than 4,300 miles and will cover six different routes in the West, Pacific Northwest, Northern Rocky Mountains, and Midwest regions (Minneapolis-Chicago; St. Louis-Plano, Illinois; Sacramento-Salt Lake City; Salt Lake City-Denver; and Denver-Nebraska-Iowa-Chicago). The contract contains capped performance incentives, if we meet, and capped penalties, if we do not meet, aggressive completion targets. The first route is scheduled for completion in the fourth quarter of 2000, and the last route is expected to be completed in the second quarter of 2001. We estimate the cost of the project at \$500,000,000, of which approximately one-half will be expended in 2000. We expect AT&T and other third parties to reimburse us for approximately 50 percent of the total cost, as stages of the project are completed.

Investments

FTV: In November of 1999, FTV began an expansion of regeneration sites along its Portland-to-Los Angeles fiber-optic route. The expansion project is expected to be completed by mid-2000, of which our share of the cost will be approximately \$3,300,000.

Northern Colorado Telecommunications LLC: In formation of the company, NCE contributed a long-term IRU of its existing fiber-optic network in the Denver metropolitan area. We will contribute approximately \$10,000,000 for the construction of six miles of fiber-optic cable and installation of optronics. In 1999, we contributed \$1,500,000 in cash toward this construction effort and plan to contribute cash of approximately \$7,000,000 in 2000 and \$1,500,000 in 2001.

TWW: Over the next two years, we expect to contribute approximately \$45,000,000 to establish the wireless infrastructure from which TWW will provide "one-number" wireless service. During 1999, both companies contributed their PCS licenses to the venture, of which our contribution value was approximately \$4,400,000.

CONTINGENCIES

We are party to various legal claims, actions, and complaints arising in the ordinary course of business. We do not expect disposition of these matters to have a material adverse effect on our financial position, results of operations, or cash flows.

NOTE 9 – SUBSEQUENT EVENTS:

INVESTMENTS

America Fiber Touch LLC (AFT)

In January 2000, we and AEP Communications LLC, a subsidiary of American Electric Power, formed a company, AFT, to connect national and regional fiber-optic networks. The company's initial project is to construct a 330-mile fiber-optic route between St. Louis, Missouri, and Plano, Illinois, which makes up the Midwest route of the 4,300-mile build-out that we are constructing in tandem with our construction of a fiber-optic network for AT&T. This Midwest route is scheduled for completion in December 2000, at an estimated cost of \$25,000,000, of which our portion is \$12,500,000.

Minnesota PCS, LP (MPCS)

In January 2000, we acquired a 25 percent interest in MPCS' wireless telephone business, which owns PCS licenses in North Dakota, South Dakota, Minnesota, and Wisconsin. In accordance with the agreement, we made an initial \$2,700,000 equity investment in MPCS and, over the next two years, will loan MPCS up to \$12,000,000, due on October 1, 2002. We have loaned MPCS approximately \$6,000,000. In addition, we have guaranteed payment of \$7,000,000 in loans owed by MPCS through the year 2007.

ITS

In April 2000, we sold our equity position in and exited ITS as the emerging organizational and capital structure of ITS does not fit our growth strategy. Under the terms of the exit agreement, we sold our 31 percent interest in ITS to INS, and INS released us from all of ITS' obligations. We will continue to maintain a \$14,000,000 letter of credit for ITS until the closing of the third-party purchase transaction. Upon the closing of the third-party purchase transaction, expected to occur in mid-2000, INS will reimburse us approximately \$8,000,000 for our cash outlays to ITS, of which approximately \$5,000,000 have occurred during 2000.

Sierra Touch America LLC

In May 2000, we and Sierra Pacific Communications, a subsidiary of Sierra Pacific Resources, formed a company, Sierra Touch America LLC, with the purpose to construct a fiber-optic network between Sacramento and Salt Lake City. This network will make up 750 miles of the 4,300-mile build-out that we are constructing in tandem with our construction of a fiber-optic network for AT&T. Sierra Touch America will begin construction of the Sacramento-to-Salt Lake City fiber-optic route immediately and expects to complete the route in mid-2001 at an estimated cost of \$100,000,000. Our portion of this estimated cost will be approximately \$83,000,000, of which we expect to recover approximately 50 percent from AT&T and other third parties. The terms of the agreement give Sierra Touch America a partial interest in the metropolitan fiber networks that Sierra Pacific Resources operates in Reno and Las Vegas.

CROSS LEASE

PF.Net

In January 2000, we and PF.Net, a privately held telecommunications company, agreed to cross lease fiber and conduit to expand both companies' fiber-optic networks. We will receive approximately 5,900 route miles of fiber from PF.Net, for 4,400 miles of our fiber and a cash payment of \$48,500,000. This cross lease will expand our network from Los Angeles to San Diego, Phoenix, El Paso, Dallas, Austin, San Antonio, Houston, New Orleans, Jacksonville, Orlando, Greensboro, Washington D.C., New York City, Tulsa, Kansas City, and St. Louis. We have made an initial payment of \$4,850,000 and will pay the remainder as segments of the routes under construction are completed. Segments are scheduled for completion at various times in 2000 and 2001.

NOTE 9 – SUBSEQUENT EVENTS (CONTINUED):

EXCHANGES

Williams Communications

In March 2000, we agreed to exchange dark fiber with Williams Communications, Inc. (Williams) to expand both of our fiber-optic networks. We will receive approximately 1,050 route miles of dark fiber and cash from Williams, in exchange for approximately 1,200 route miles of our dark fiber on our Denver to Dallas route. This exchange will expand our network from Minneapolis to Denver through Des Moines, Iowa and Topeka, Kansas. Both routes are currently operational.

ACQUISITIONS

Century Tel Inc.

In January 2000, we entered into an agreement with Century Tel Inc., whereby we were granted fiber-use rights to 400 route miles of fiber linking Chicago to Detroit for approximately \$10,000,000. In January 2000, we made an initial payment of \$2,000,000. We expect these routes to be in service by late 2000.

Qwest Acquisition

On March 13, 2000, we signed an agreement with Qwest to acquire, for approximately \$193,000,000, subject to certain adjustments, Qwest's wholesale, private-line, long-distance, and other telecommunications services in US WEST's 14-state region, which covers 250,000 customer accounts for voice, data, and video services with multimedia and high-speed data applications. In addition, we will also acquire a fiber-optic network of 1,800 route miles, and associated optronics and switches, which we will connect to our existing fiber-optic network. When the Qwest acquisition is closed, we estimate that related capital expenditures will be an additional \$100,000,000. We expect this acquisition to close in mid-2000, subject to the satisfaction of various conditions and the receipt of required regulatory approvals.

MONTANA POWER COMPANY DIVESTITURE

On March 28, 2000, Montana Power announced that it will separate its energy businesses from us through a stock sale(s) of its energy businesses, expected to take six to twelve months to complete, and that it will invest the proceeds from the sale(s) into our business.

EXHIBIT 6

Small and Minority-Owned Business Plan

TOUCH AMERICA, INC.

**SMALL AND MINORITY OWNED
TELECOMMUNICATIONS BUSINESS
PARTICIPATION PLAN**

Pursuant to T.C.A. § 65-5-212, as amended, Touch America, Inc. ("Touch America") submits this small and minority-owned Telecommunications business participation plan (the "Plan") along with its Application for a Certificate of Public Convenience and Necessity to provide competing intrastate interexchange and local exchange services in Tennessee.

I. PURPOSE

The purpose of Section 65-5-212 is to provide opportunities for small and minority-owned businesses to provide goods and services to Telecommunications service providers. Touch America is committed to the goals of Section 65-5-212 and to taking steps to support the participation of small and minority-owned Telecommunications businesses in the Telecommunications industry. Touch America will endeavor to provide opportunities for small and minority-owned Telecommunications businesses to compete for contracts and subcontract for goods and services. As part of its procurement process, Touch America will make efforts to identify and inform minority-owned and small business that are qualified and capable of providing goods and services to Touch America of such opportunities. Touch America's representatives have already contacted the Department of Economic and Community Development, the administrator of the small and minority-owned Telecommunications assistance program, to obtain a list of qualified vendors. Moreover, Touch America will seek to increase awareness of such opportunities so that companies not otherwise identified will have sufficient information to participate in the procurement process.

II. DEFINITIONS

As defined in Section 65-5-212:

Minority-Owned Business. Minority-owned business shall mean a business which is solely owned, or at least (51%) of the assets or outstanding stock of which is owned, by an individual who personally manage and controls daily operations of such business, and who is impeded from normal entry into the economic mainstream because of race, religion, sex or national origin and such business has annual gross receipts of less than four million dollars (\$4,000,000).

Small Business. Small business shall mean a business with annual gross receipts of less than four million dollars (\$4,000,000).

II. ADMINISTRATION

Touch America's plan will be overseen and administered by the individual named below, hereinafter referred to as the Administrator, who will be responsible for carrying out and promoting Touch America's full efforts to provide equal opportunities for small and minority-owned businesses. The Administrator of the Plan will be:

The Administrator's responsibilities will include:

- (1) maintaining an updated Plan in full compliance with Section 65-5-212 and the rules and orders of the Tennessee Regulatory Authority.
- (2) establishing and developing policies and procedures necessary for the successful implementation of the Plan.
- (3) preparing and submitting such forms as may be required by the Tennessee Regulatory Authority, including the filing of required annual updates,
- (4) serving as the primary liaison to and cooperate with the Tennessee Regulatory Authority, other agencies of the State of Tennessee, and small

and minority-owned businesses to locate and use qualified small and minority-owned businesses as defined in Section 65-5-212.

- (5) searching for and developing opportunities to use small and minority-owned businesses and encouraging such businesses to participate in and bid on contracts and subcontracts.
- (6) providing records and reports and cooperate in any authorized surveys as required by the Tennessee Regulatory Authority.
- (7) establishing a record-keeping system to track qualified small and minority-owned businesses and efforts to use such businesses.
- (8) providing information and educational activities to persons within Touch America and training such persons to seek out, encourage, and promote the use of small and minority-owned businesses.

In performance of these duties, the Administrator will utilize a number of resources, including:

Chambers of Commerce
The Tennessee Department of Economic and Community Development
The United States Department of Commerce
 Small Business Administration
 Office of Minority Business
The National Minority Supplier Development Council
The National Association of Women Business Owners
The National Association of Minority Contractors
Historically Black Colleges, Universities, and Minority Institutions

The efforts to promote and ensure equal opportunities for small and minority-owned businesses are primarily spelled out in the Administrator's duties above. Additional efforts to provide opportunities to small and minority-owned businesses will include offering, where appropriate and feasible, small and minority-owned businesses assistance with technical, insurance bonding, licensing, production, and deadline requirements.

III. RECORDS AND COMPLIANCE REPORTS

Touch America will maintain records of qualified small and minority-owned business and efforts to use the goods and services of such business. In addition, Touch America will maintain records of educational and training activities conducted or amended and of the internal procurement procedures adopted to support this Plan.

Touch America will submit records and reports required by the Tennessee Regulatory Authority concerning the Plan. Moreover, Touch America will cooperate fully with any surveys and studies required by the Tennessee Regulatory Authority.

TOUCH AMERICA, INC.

A handwritten signature in black ink, appearing to read "Michael J. Meldahl", written over a horizontal line.

Michael J. Meldahl
President and Chief Operating Officer

Dated: 10/30/00

EXHIBIT 7

Proposed Tennessee Tariff

TITLE PAGE

TARIFF CONTAINING REGULATIONS AND RATES
For END USER

INTRASTATE INTEREXCHANGE TELECOMMUNICATIONS SERVICES

Of

TOUCH AMERICA, INC.
130 N. Main Street
Butte, Montana 59701
Phone: (406) 496-5100
Toll-Free: (800) 823-4874

Within

THE STATE OF TENNESSEE

For Customer Inquiries and Complaints, Please Write to or Call the Following:

TOUCH AMERICA, INC.
Customer Service Center
1903 S. Russell
P.O. Box 5207
Missoula, Montana 59806
Phone: (406) 523-3605
Toll-Free: (800) 823-4664
Facsimile: (406) 523-3606
Toll-Free Fax: (800) 823-3299

NOTES:

ISSUED:
Issued by:

EFFECTIVE:

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TOUCH AMERICA, INC.
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(406) 496-5100

CHECK SHEET

Pages 1 through 105 inclusive of this Tariff are effective as of the date shown at the bottom of the respective page(s). Revised pages as named below contain all changes from the original filing that are in effect on the date listed.

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EXPLANATION OF SYMBOLS

- (C) To signify changed conditions or regulation
- (D) To signify discontinued rate, regulation or condition
- (I) To signify increase
- (M) To signify that material has been transferred from another sheet or place in the tariff
- (N) To signify new rate, regulation, condition or sheet
- (R) To signify reduction
- (T) To signify a change in text for clarification

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TARIFF FORMAT

1. Page Numbering - Page numbers appear in the upper right corner of the page. Pages are numbered sequentially. However, new pages are occasionally added to the Tariff. When a new page is added between pages already in effect, a decimal is added. For example, a new page added between page 14 and 15 would be 14.1.
2. Page Revision Numbers - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current page version on file with the Tennessee Regulatory Authority ("TRA"). For example, the 4th revised page 14 cancels the 3rd revised page 14. Consult the check page for the page currently in effect.
3. Paragraph Numbering Sequence - While there are several possible levels of paragraph coding exemplified below, only the 1st four levels are currently used in this tariff. Each level of coding is subservient to its next higher level:
 1.
 - 1.A.
 - 1.A.(1).
 - 1.A.(1).(a).
 - 1.A.(1).(a).(i).
4. Check Pages -- When a tariff filing is made with the TRA an updated check page accompanies the tariff filing. The check page lists the pages contained in the tariff, with a cross reference to the current revision number. When new pages are added, the check page is changed to reflect the revision. All revisions made in the given filing are designated by an asterisk (*). There will be no other symbols used on this page if these are the only changes made to it (i.e., the format, etc. remains the same, just revised revision levels on some pages).

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CONCURRING CARRIERS

None

CONNECTING CARRIERS

AT&T - American Telephone and Telegraph Company
MCI Communications
US Sprint Communications
US WEST Communications
WTCI Communications
Local Exchange Carriers
and
other Carriers who, in the future, may provide
Telecommunications Services in the State of
Tennessee

OTHER PARTICIPATING CARRIERS

None

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SECTION 1 - DEFINITIONS

Account Number: Number defined by COMPANY for customer identification purposes to which all respective long distance and associated charges are assigned, billed and collectable from the customer. Associated charges are applicable install fees, monthly recurring service charges. PICC charges, long distance itemized call charges, late payment finance fees and applicable Federal, State, County, Municipal and/or Local taxes and Federal and/or State universal service charges.

Advance Payment: Partial or full payment required before the start of service.

Affiliate: Any entity (including any natural person or entity such as a corporation or partnership) controlling, under the control of or under common control with another entity.

Aggregator: Any person or entity that, in the ordinary course of its operations, makes telephones available to the public or to End Users of its premises for telephone calls using a provider of operator services.

Answer Supervision: Switch capability to detect, by hardware LEC signal or by switch software detection, the dialed number's answer event and the disconnect event. Answer Supervision deletes dialing, ring time and busy signal time from billable talk or communication time.

AT&T: American Telephone and Telegraph Company.

Authority Network Management System (Authority NMS): A system which provides customers on-line access to receive management reports as required applicable to utilization statistics per data line circuit interface (frame relay address), performance statistics for trunks and circuit lines and port statistics on a per frame relay port basis.

Authorization code: A customer identification and security code assigned by COMPANY that enables customer to access Company's long distance network.

Authorized User: A person, firm, corporation or any other entity authorized by the Customer to be connected to the service of the Customer.

Automatic Number Identification ("ANI"): The automatic transmission of a caller's billing account telephone number to a local exchange company, interexchange carrier or a third party customer. The primary purpose of ANI is for billing toll calls.

Auto Reconfiguration (ARC): Automatic alternate destination routing to provide automatic re-routing of data to a predefined alternate destination for disaster recovery and local loop redundancy applications.

Band 0: Intrastate calls; All calls placed within the State.

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SECTION 1 - DEFINITIONS (Cont'd)

Basic Digital Service (BDS): A dedicated digital private line service that may be utilized to support voice frequency, data, video and facsimile applications.

Burst Information Rate (BIR): A short duration transmission that can relieve momentary congestion in the Local Area Network.

Business Customer: A customer whose use of service is primarily or substantially of a professional, business, institutional, occupational, or other commercial nature.

Cancellation of Order: A customer initiated request to discontinue processing a service order or request, either in part or in its entirety, prior to its completion.

Carrier: TOUCH AMERICA, unless specifically stated otherwise.

Channel or Circuit: A communications path between two or more points.

Collect Call: A billing arrangement whereby the charge for a call may be charged to the called party, provided the called party verbally accepts the charge or keys in a positive response acknowledging acceptance of the charges.

Commission: The Tennessee Regulatory Authority ("TRA").

Committed Information Rate (CIR): A rate assigned to each Private Virtual Circuit (PVC) by the TA FramePlus subscriber. CIRs represent the "guaranteed" transmission rates between two network ports. CIRs are available in 8 Kbps increments from Zero to 1024K.

Company: TOUCH AMERICA, unless specifically stated otherwise.

Completed Calls: Completed calls are calls answered on the distance end or, where necessary, positively accepted by the called party. (i.e., Person-to-Person and Collect calls).

Connecting Carrier: A telecommunications company, which may be either an interexchange or a Local Exchange Carrier, that supplies COMPANY with facilities to originate, transport and/or terminate Company's long distance services, including Operator Services.

Customer: The person, firm, corporation or other entity which orders service -- either for its own use or as a non-profit manager of a sharing group -- and which is responsible for the payment of charges as explained herein and for compliance with Company's price list regulations. For billing purposes, a customer is considered to be an account. If a person, firm, corporation or other entity orders the service in more than one originating city, or requests the assignment of more than one account number in a particular city, each such "customer" may include one or more locations of commonly owned or operated business.

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SECTION 1 - DEFINITIONS (Cont'd)

Customer Dialed Calling Card Calls: Calling Card Calls which are handled on an automated basis such that they do not require intervention by an attended operator position (i.e. a "live" operator) to complete.

Customer Provided Equipment: Terminal equipment provided by a customer.

Directory Assistance ("DA"): Service consisting of supplying listed telephone numbers to requesting customers.

Dedicated Access Lines: Dedicated Access lines used between the customer's premises and Company's Points-of-Presence for origination or termination of telecommunication traffic.

Deposit: Cash or equivalent of cash security held as a guarantee for payment of the charges.

Disconnection: The disconnection of a circuit, dedicated access line or port connection being used for existing service.

Expedited Service Order: A service order, which, in compliance with a customer request, is completed in a time period shorter than the Company's standard service interval.

Extended Digital Service (EDS): A dedicated digital private line service that may be utilized to support voice frequency, data, video and facsimile applications. EDS is available in increments of 64 Kbps up to 512 Kbps for higher speed data applications.

FCC: Federal Communications Commission.

High Speed Digital Service (HDS) (Touch America Direct (DS-3)): A dedicated digital private line service that may be utilized to support voice frequency, data, video and facsimile applications. HDS transports full duplex digital signals over terrestrial facilities at the rate of 44.736 Mbps or the equivalency of 28 DS-1's or 672 DS-0's.

Holidays: The following are the COMPANY recognized national holidays determined at the location of the originator of the call. Unless a specific date is noted, the date of the holiday is the federal observed date:

New Year's Day (January 1)
Independence Day (July 4)
Memorial Day
Labor Day
Thanksgiving Day (Last Thursday in November)
Christmas Day (December 25)

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SECTION 1 - DEFINITIONS (Cont'd)

Individual Case Basis ("ICB"): A service arrangement in which the regulations, rates and charges are developed based on the specific circumstances of the customer.

Installation: The connection of a circuit, or dedicated access line, or other dedicated facility for new or additional service.

Interconnection Facilities: Circuits and/or dedicated access arrangements provided by the Customer or a third party supplier to interconnect the Customer with the Company's service. The Customer shall have sole responsibility for the ordering, installation, maintenance, and payment of such facilities.

InterLATA Call: An InterLATA call is any call that originates and terminates in a different LATA.

IntraLATA Call: An intraLATA call is any call that originates and terminates within the same LATA.

LATA - (Local Access and Transport Area): A geographical area established as required by the Modified Final Judgment in the government's antitrust suit against the Bell System for the provision and administration of communications services.

LEC: Local Exchange Carrier.

Local Calling Area: Denotes a geographical area in which a Local Exchange Company end user may complete a call without incurring long distance charges.

Local Facilities: Any facility providing interconnection between a customer's premises and COMPANY terminal location.

Measured Charge: A charge assessed on a per minute basis in calculating a portion of the charges due for a completed Operator Assisted Call.

Minimum Service Period: The minimum period of time during which Customer is obligated to pay for services provided by the Company.

Monthly Recurring Charge ("MRC"): Monthly charges to the customer for services, facilities or equipment, which continue and are billed to the customer each month for the duration of the service.

Nonrecurring Charge ("NRC"): The initial charge, usually assessed on a one-time basis, to install equipment and facilities to establish service.

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SECTION 1 - DEFINITIONS (Cont'd)

Operator Assisted Calls: Calls requiring assistance for completion, usually by dialing 0+(area code)+(exchange)+(line number); or by dialing "0" or "00", with all subsequent dialing being performed by Operator Services. The following are examples of calls normally placed in this manner:

Calling Card Calls - Calls for which charges are billed, not to the originating telephone number, but to a telephone calling card issued either by a local exchange or long distance telephone company for this purpose. At the caller's option, and depending upon the services available at a particular location, calling card calls may entail intervention of an attended operator position (i.e. a "live" operator) or may be made on an automated basis. The latter are termed "Customer Dialed Calling Card Calls" for purposes of this tariff.

Credit Card Calls - Calls for which charges are billed, not to the originating telephone number, but to a credit card, such as VISA, MasterCard, or American Express.

Person-to-Person Calls - Calls that are placed under the stipulation that the caller will speak only to a specific called party.

Order: A single request by a customer subscribing to a service or facilities, or both, to any number or circuits to any number of locations where the services or facilities, or both, are provided by the carrier.

Other Carrier: A person, firm, corporation, or entity, which provides communication services or facilities, or both, including but not limited to, exchange carriers, electronic message service carriers, resellers, and interconnect companies.

Permanent Virtual Circuit (PVC): A logical connection between port connections. PVC's are defined on the basis of simplex (or asymmetrical) transmission, which allows the user to establish different data transmission rates in each direction.

Person-to-Person Call: A call whereby the caller specifies to the Company operator a particular person to be reached, or a particular station, room number, department or office to be reached through a PBX attendant.

Point-of-Presence: Company's physical presence in a LATA (as defined herein). Locations where COMPANY maintains operations centers for purpose of providing long distance services.

Point of Destination: The area code and telephone number called in a location other than the point of origination.

Point of Origination: The station from which the customer initiates a call through the Carrier's switch.

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SECTION 1 - DEFINITIONS (Cont'd)

Port: Connection to the Company's switching network with one or more voice grade or DS-1 level communications channels, each with a unique network address (telephone number), dedicated to the customer. Each port is equipped with a Terminal Interface.

Premises: The space designated by a customer at its place or places of business for Company's service, whether for its own communications needs or for the use of its resale customers.

Presubscription: A service arrangement whereby the Customer authorizes the local telephone company to route all InterLATA calls to the Company.

Project Codes: Customer and/or COMPANY defined, verified and/or non-verified codes that can be used to: 1. Identify specific customer authorized user(s) and/or project(s) and 2. Allocate the cost of the long distance communication to the respective customer account number for billing purposes.

Rate Periods: Unless otherwise noted, the following rate periods are applicable to all products in this tariff:

Day:	8:00 AM-4:59 PM (Monday thru Friday).
Evening:	5:00 PM-10:59 PM (Sunday thru Friday).
Night/Weekend:	11:00 PM-7:59 AM (Sunday thru Friday, all day Saturday and Sunday from 8:00 AM -4:59 PM).

Reseller: A company that purchases a big block of long distance calling minutes for resale in smaller blocks to its customers.

Residential Customer: A Customer whose use of the Company's services is substantially of a social and domestic nature.

Responsible Organization ("Resp. Org."): Responsible Organization is the entity that maintains the routing for 800 numbers in the National database.

Service Date: The date on which Customer begins to utilize the Service or the date on which Service is made available for use by the Customer or its authorized users, whichever is sooner.

Service Location: A Service Location shall mean a single Customer premise location either owned or leased by the Customer, which location has its own, unique mailing address and which is used principally by the Customer to conduct its business. A Customer may have more than one (1) Service Location.

Special Promotional Offerings: Special discounts or modifications of its regular service offerings which COMPANY may, from time to time, offer to new customers for a particular service. Such offerings may be limited to certain dates, times and locations.

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TOUCH AMERICA, INC.
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SECTION 1 - DEFINITIONS (Cont'd)

Subscription Agreement: A Standard COMPANY form that includes all pertinent LOA (Letter of Agency), billing, technical and other descriptive information that will enable COMPANY to provide the long distance service required.

Telecommunications - The transmission of voice communications or, subject to the transmission capabilities of the service, the transmission of data, facsimile, signaling, metering, or other similar communications.

Termination Service: During the Term, the COMPANY agrees to provide call termination services for all call placed through the Digital Switching System (excluding international calls). The COMPANY will provide Terminating Service for all calls via its Services offered in the tariff.

Terminal Equipment: Devices, apparatus and their associated wiring, such as teleprinters, telephone handsets or data sets.

Terminal Interface: The method of physical connection between a Company-provided service and a Customer's transmission cable, inside wiring, or terminal equipment. Depending upon the service ordered by the Customer, there might be a choice of terminal interfaces. The Customer is responsible for ordering a terminal interface that is compatible with the Customer's terminal equipment. All terminal interfaces will be provided by industry-standard connectors as specified in or authorized by Subpart F of Part 68, Title 47, Code of Federal Regulations.

Terrestrial Digital Service (TDS) (Touch America Direct (DS-1)): A dedicated digital private line that may be utilized to support voice frequency, data, video and facsimile applications. TDS transports full duplex digital signals over terrestrial facilities at the rate of 1.544 Mbps or the equivalency of 24 DS-0's.

Third Party Billed Call: A billing arrangement by which the charges for a call may be billed to a number that is different from the calling number and the called number.

TOUCH AMERICA: COMPANY or Carrier, unless specifically indicated otherwise.

Transmission: The sending of electrical or optical signals over a line to a destination.

Trunk: Communications path connecting two switching systems in a network, used in the establishment of an end-to-end communication.

Two-Way Transmission: The capability of transmission in either direction or in both directions at once.

Underlying Carrier: Refers to any interexchange carrier that provides long distance services resold by the Company.

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SECTION 1 - DEFINITIONS (Cont'd)

Volume Discount: A pricing concept that rewards large volume users.

WATS: Wide Area Telecommunications Service.

800/888/877 Number, Added, Changed, Deleted

A customer-initiated request to:

1. Replace an 800/888/877 number with a new 800/888/877 number.
2. Add an 800/888/877 number to an existing 800/888/877 circuit.
3. Delete an 800/888/877 number from an existing 800/888/877 circuit.

800/888/877 Subscriber: An 800/888/877 Subscriber is the person, firm, corporation or other entity that, in accordance with SMS/800/888/877 procedures, controls an 800/888/877 number and has the right to designate its responsible organization (Resp. Org.) for that 800/888/877 number.

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SECTION 2 - RULES AND REGULATIONS

1. DESCRIPTION OF SERVICE

A. COMPANY is a switched resale common carrier providing intrastate long distance message toll telecommunications and operator services to customers throughout the State of Tennessee for their direct transmission and reception of voice, data and/or other types of communication. Long distance services are provided through Local Exchange and/or other Connecting Carriers. Operator services are provided either directly by COMPANY or under contract with a certified operator service provider.

B. Communications begin when COMPANY's switch, located in Helena, Montana, detects the Answer Event as signaled from Local Exchange Carriers and/or other Connecting Carriers. Communications cease when COMPANY's switch detects the Disconnect Event that occurs by the hanging up of either the calling or called party.

C. Intrastate telecommunications service is the furnishing of COMPANY services for the communications between specified locations under the terms contained herein. Channels will be those of COMPANY alone, or COMPANY in conjunction with those of other participating, concurring or connecting carriers.

D. COMPANY, when acting at the customer's request and as his/her authorized agent, will make reasonable efforts to arrange for service requirements which may include terminal equipment and circuit conditioning.

E. COMPANY bills customers on a monthly basis for itemized call charges and appropriate recurring service charges as outlined in this tariff, including all applicable PICC charges, Federal, State, County, Municipal and/or Local taxes and Federal and/or State universal service charges, unless credit considerations or other circumstances require special agreements for more frequent billing.

F. Subject to availability, the customer may use Project Codes to identify the users or user groups on an account. The numerical composition of such codes shall be set by COMPANY to assure compatibility with its accounting and automation systems and to avoid duplication of codes.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)**2. LOCATIONS OF SERVICE**

Communications may originate and terminate in any area within the State of Tennessee.

3. LIMITATIONS OF SERVICE

A. Service is offered subject to the availability of the necessary facilities and/or equipment and subject to provisions of this tariff and/or price list. COMPANY reserves the right not to provide service to or from location(s) where the necessary facilities or equipment are not available.

B. Service may be disconnected, upon written notice, when necessitated by conditions beyond COMPANY's control. These conditions include, but are not limited to, a customer's call volume or calling pattern that results or may result in network blockages or other service degradation which adversely affect service to the calling party, customer, or other customers of COMPANY. COMPANY also reserves the right to discontinue furnishing service, upon written notice, when the customer is using the service in violation of the provisions contained herein, or in violation of the law.

C. Service may be discontinued by COMPANY, without notice to the customer, by blocking traffic to or from certain cities, NXX exchanges, or individual telephone stations, by blocking call origination for 500, 800 or 900 service(s), or by blocking calls using certain customer authorization codes, when COMPANY deems it necessary to take such action to prevent unlawful use of, or nonpayment for its service. COMPANY will restore service as soon as it can be provided without undue risk, and will, upon request by the customer affected, assign a new authorization code to replace the one that has been deactivated. In addition, COMPANY may, at the request of the customer institute blocking of telephone stations in order to prevent telephone calls made to annoy, abuse, threaten or harass any person at the called number. COMPANY will, upon written request by the customer, remove the block. COMPANY reserves the right to limit the number of requests for blocking per customer. In order to control fraud, COMPANY may refuse to accept Calling Card, Collect Calling and/or Third Number calls which it determines to be invalid and/or may limit the use of these billing options to or from certain areas, including all or part of the State of Tennessee.

D. COMPANY reserves the right to discontinue furnishing service when necessitated by conditions beyond its control or when the customer is using the service in violation of the law or provisions of this tariff.

E. COMPANY offers customers operator assisted calls (0+ or 0-), credit card calls, collect calls, person to person calls, and third party calls. 911 emergency calls and 976 numbers are not directed to COMPANY, but will be completed by Local Exchange and/or other Connecting Carriers.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

3. **LIMITATIONS OF SERVICE (Cont'd)**

F. COMPANY reserves the right to change the rates, terms or conditions of its services as permitted by the Tennessee Regulatory Authority.

G. A customer shall not use any service mark or trademark of COMPANY or refer to TOUCH AMERICA in connection with any product, equipment, promotion or publication of the customer without the approval of COMPANY.

H. Title to all facilities provided by COMPANY under these regulations remains with COMPANY.

4. **TERMS AND CONDITIONS**

A. Unless credit considerations or other circumstances require special agreements for more frequent billing, service is provided on a basis of a minimum period of at least one month. Individual call charges are calculated to the nearest 1/100th cent and then rounded up to the next whole cent. Billing begins on the date that service becomes effective and continues to be provided until canceled by the customer or COMPANY

B. Service is offered on a monthly basis, unless otherwise agreed upon by the customer and COMPANY, seven (7) days per week, twenty-four (24) hours per day.

C. The name(s) of the customer(s) desiring to use the service must be stipulated in the Application for Subscription or Service Agreement.

D. The customer agrees to operate Company-provided equipment in accordance with instructions of COMPANY or its agent. Failure to do so will void COMPANY's liability for interruption of service and may make the customer responsible for damage to equipment.

E. The customer agrees to return to COMPANY all COMPANY-provided equipment delivered to the customer within five (5) days of termination of the service in connection with which the equipment was used. Said equipment shall be in the same condition as when delivered to the customer, normal wear and tear only are excepted. The customer shall reimburse COMPANY, upon demand, for any costs incurred by COMPANY due to the customer's failure to comply with this provision.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

5. USE OF SERVICE

A. Service may be used for the transmission and reception of communications by the customer.

B. Service may not be used for any unlawful purpose or for any purpose for which any payment or other compensation is received by the customer, except when the customer is a duly authorized and regulated common carrier. This provision does not prohibit an arrangement between the customer, authorized user, or joint user to share the cost of the service so long as the arrangement generates no profit for any participant in the arrangement.

6. INTERCONNECTION

A. Service furnished by COMPANY may be interconnected with services or facilities of other authorized communications common carriers and with private systems, subject to the technical limitations established by COMPANY. Service furnished by COMPANY is not part of a joint undertaking with such carriers. Any special interface equipment or facilities necessary to achieve compatibility between the facilities of COMPANY and other participating carriers shall be provided at the customer's expense.

B. Interconnection with the facilities or services of other Connecting Carriers shall be under the applicable terms and conditions of the other Connecting Carriers' tariffs. The customer is responsible for taking all necessary legal steps for interconnecting customer-provided terminal equipment or communications system with COMPANY's facilities. The customer shall secure all licenses, permits, rights-of-way, and other arrangements necessary for such interconnection.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)**7. LIABILITY/CREDIT ALLOWANCES**

A. COMPANY shall not be liable for any failure of performance due to causes beyond its control, including, but not limited to, acts of God, fires, floods or other catastrophes, national emergencies, insurrections, riots of wars; strikes, lockouts, work stoppages or other labor difficulties, Connecting Carrier operating problems; and any law order, regulation or other action of any governing authority or agency thereof.

B. COMPANY's liability for willful misconduct, if established as a result of judicial or administrative proceedings, is not limited by this tariff. With respect to any other claim or suit, by a customer or any others, for damages associated with ordering (including reservations of any specific number(s) for use with a service), installation (including delays thereof), provision, termination, maintenance, repair, interruption, or restoration of any service and/or facilities offered under this tariff, COMPANY's liability, if any, shall be limited as follows:

(1). With respect to any service provided by COMPANY, which involves dedicated access, COMPANY's liability shall not exceed an amount equal to the proportionate monthly recurring charges -- including any service charges, monthly minimum charges, basic feature package charges, monthly charges for option features, charges for dedicated access facilities and any other monthly charges -- for the period during which the service was affected.

(2). With respect to any toll free Inbound Service (800, 888, 877, 866, etc.; hereafter referred to as 800 Inbound Service) provided by COMPANY which involves per minute usage charges, COMPANY's liability shall not exceed an amount equal to the proportionate monthly recurring service charges -- including any monthly fee associated with the service, charges for dedicated termination facilities, and any other monthly charges -- for the period during which the service was affected. COMPANY shall not be liable where 800 Inbound Service was affected. COMPANY shall not be liable where 800 Inbound Service is not made available on the date committed to the customer, or cannot otherwise be made available after COMPANY's acceptance of the customer's order, or where the customer is provided with a number or numbers other than the one(s) committed by COMPANY to the customer or the number or numbers included in the 800 Inbound Service are published by the customer in an incorrect form. It is the customer's responsibility to test all 800 Inbound Service numbers prior to the preparation of advertising materials or the dissemination of the number.

(3). COMPANY shall not be liable at all for the use, misuse, or abuse of a customer's 800 Inbound Service by third parties, including, without limitation, the customer's employees or members of the public who dial the customer's 800 Inbound Service number by mistake or intentionally bother the customer with repeated calls. Compensation for any injury the customer may suffer due to the fault of others than COMPANY must be sought from such other parties.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)**7. LIABILITY/CREDIT ALLOWANCES (Cont'd)**

(4). Subject to the specific limitations set forth in this paragraph, for all of COMPANY's services for which charges are specified on the basis of per minute of use, or on usage of a fraction of a minute, and in which there may be interruption of any individual call caused by COMPANY which can be remedied by redialing the call.

a. A credit allowance will be made for that portion of a call which is interrupted due to poor transmission (e.g. noisy circuit), one-way transmission (one party is unable to hear the other), or involuntary disconnection caused by COMPANY's service. A customer may also be granted credit for reaching a wrong number. To receive a credit, the customer must notify COMPANY's Customer Service Center and furnish the number from which the call was placed, the number called, the difficulty experienced and approximate time the call was placed. Credit allowances will not be made for (1) interruptions not reported to COMPANY or (2) interruptions that are due to the failure of power equipment, systems or services not provided by COMPANY. If the customer elects to use another means of communications after one of the above interruptions, or during a period when they are unable to place a call over COMPANY, the customer must pay the charges for the alternative service used.

b. Where a call has been disconnected, the customer will be given a credit allowance equivalent to the charge for the initial minute of the call made to reestablish communications with the other party. Where a call has been interrupted by poor transmission or one-way transmission, the customer will be given allowance up to an amount equivalent to the charge for the initial minute of the call to the wrong number if they report the situation promptly to a COMPANY Customer Service Representative.

(5). For all of COMPANY's services which involve dedicated access for which monthly recurring charges are applied and which may be interrupted for as much as several days, the customer will be given a credit allowance for an interruption of two consecutive hours or more, as follows:

a. When service is interrupted for a period of less than two (2) hours, no credit allowance will be given.

b. When the service's dedicated access line or lines associated with the service are interrupted for a period of two (2) to twenty-four (24) hours, a credit allowance in an amount equal to one-thirtieth (1/30th) of the monthly recurring charge or charges will be given.

c. When the service's dedicated access line or lines associated with the service are interrupted for a period of more than twenty-four (24) hours, a credit allowance in an amount equal to one-thirtieth (1/30th) of the monthly recurring charge or charges will be given for each twenty-four (24) hour period or fraction thereof.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

7. LIABILITY/CREDIT ALLOWANCES (Cont'd)

(6). No credit allowances will be made for:

a. Interruptions caused by the negligence of the customer or others authorized by the customer to use the customer's service.

b. Interruptions due to the failure of power equipment, systems, or services not provided by COMPANY

c. Interruptions during any period during which COMPANY or its agents are not afforded access to the premises where lines associated with the customer's services are located.

d. Interruptions during any period when the customer or user has released the service to COMPANY for maintenance or rearrangement purposes, or for the implementation of a customer order.

e. Interruptions during periods when the customer elects not to release the service for testing or repair and continues to use it on an impaired basis.

f. Interruptions not reported to Carrier.

(7). An interruption period begins when the customer reports to COMPANY that the service has been interrupted and releases it for testing and repair. An interruption period ends when the service is operative again. If the customer reports the service to be inoperative but declines to release it for testing and repair, the service is deemed to be impaired but not interrupted.

(8). If the customer elects to use another means of communicating during the period of interruption, the customer must pay the charges for the alternative service used.

(9). If a facsimile transmission is interrupted due to deficiencies in COMPANY's service, a credit allowance will be given in an amount equal to the charge applicable to the transmission of one (1) page of material at the time the transmission was affected, using the class of service chosen by the customer and the terminal types involved in the transmission.

(10). Notwithstanding the foregoing provisions of this paragraph, COMPANY shall not be liable for any consequential, special, indirect or incidental damages.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

7. LIABILITY/CREDIT ALLOWANCES (Cont'd)

C. COMPANY shall be indemnified, defended and held harmless by the customer or by others authorized to use a COMPANY service against all claims of loss or damage arising from the use of furnished service(s) provided herein, including:

(1). claims for libel, slander, invasion of privacy, or infringement of copyright arising out of the material, data, information, or other content transmitted via a COMPANY service;

(2). patent infringement claims arising from combining or connecting a COMPANY service with apparatus and systems furnished by the customer or other; and

(3). all other claims arising out of any act or omission of the customer or other, in connection with any service provided by COMPANY

D. COMPANY shall not be liable for any act or omission of any Connecting Carrier or any other company or companies furnishing a portion of the service, or for the damages associated with service, channels, circuits or equipment which COMPANY does not furnish, or for damages which result from the operation of customer-provided systems, equipment, facilities or services which are interconnected with COMPANY's service.

E. COMPANY does not guarantee or make any warranty with respect to service installations at locations at which there is present an atmosphere that is explosive, prone to fire, dangerous or otherwise unsuitable for such installations. The customer and authorized user shall indemnify and hold COMPANY harmless from any and all loss, claims, demands suits, or other action, or any liability whatsoever, whether suffered, made, instituted or asserted by the customer or by any other party, for any personal injury to, or death of, any person or persons, and for any loss, damage, or destruction of any property, whether owned by the customer or others, caused or claimed to have been caused, directly or indirectly by the installation, operation, location or use of service furnished by COMPANY at such locations.

F. COMPANY is not liable for any defacement of, or damage to, the premises of a customer resulting from the furnishing for service, or the attachment of instruments, apparatus and associated wiring by COMPANY on such customer's premises or from the installation or removal thereof, when such defacement or damage is not the result of COMPANY's negligence. No agents, or employees of other participating carriers or Connecting Carriers shall be deemed to be agents or employees of COMPANY.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)**7. LIABILITY/CREDIT ALLOWANCES (Cont'd)**

G. COMPANY shall not be liable for the customer's failure to fulfill its obligation to take all necessary steps, including, without limitation, obtaining, installing, and maintaining all necessary equipment, materials and supplies for interconnecting the terminal equipment or communications system of the customer, or any third party acting as its agent, to the COMPANY network. The customer shall secure all licenses, permits, rights-of way, and other arrangements necessary for such interconnections. In addition, the customer shall ensure that its equipment and/or system or that of its agent is properly interfaced with COMPANY's service, that the signals emitted into the COMPANY's network are of the proper mode, band width, power, data speed and signal level for the intended use of the customer and in compliance with the criteria established by COMPANY and that the signals do not damage COMPANY's equipment, injure its personnel, or degrade service to other customers. If the customer or its agents fail to maintain and operate its equipment and/or system or that of its agent properly, with resulting imminent harm to COMPANY's equipment, personnel, or the quality of service to other customers, COMPANY may, upon notice to the customer, require the use of protective equipment at the customer's expense. If this fails to produce satisfactory quality and safety, COMPANY may, upon notice to the customer, terminate the customer's service without liability.

8. MINIMUM SERVICE PERIOD

The minimum period for service, unless otherwise stipulated in applicable long-term service agreement(s) or contract(s) or as outlined in paragraph 4. of this Section for more frequent billing, is thirty (30) days.

9. CANCELLATION BY CUSTOMER

A. Service may be canceled by a customer by providing thirty (30) days written notice to COMPANY, or upon expiration date of any applicable long-term service agreement or contract.

B. If a customer orders service requiring special facilities dedicated to the customer's use and then cancels the order prior to the start of any design work or installation of facilities, the customer receives no charges.

C. Where installation of special facilities has been started prior to the cancellation, all non-recoverable charges incurred by COMPANY, expressly on behalf of the customer, shall be borne by the customer.

D. If cancellation is requested after completion of an installation, but before service begins or before completion of the minimum period, or before completion of some other time period mutually agreed upon, the customer shall be liable for all non-recoverable expenditures or liabilities incurred by COMPANY on behalf of the customer and not fully reimbursed by installation and/or monthly service charges.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

10. CANCELLATION BY COMPANY

A. Cancellation Without Prior Notice. COMPANY may, immediately and without notice, discontinue the furnishing of service(s) to a customer, without incurring any liability, for any of the following reasons:

(1). If a condition immediately dangerous or hazardous to life, physical safety, or property exists, or it is necessary to prevent a violation of federal, state or local safety or health codes;

(2). If COMPANY is ordered to terminate service by any court, the Commission, or any other duly authorized public authority;

(3). COMPANY's service(s) was (were) obtained, diverted or used without the authorization or knowledge of the telephone company;

(4). The customer provides false information to COMPANY regarding the customer's identity, address, credit-worthiness, past or current use of common carrier communications services or its planned use of service(s);

B. Cancellation Upon Written Notice. COMPANY may, upon reasonable notice, discontinue the furnishing of service(s) to a customer, without incurring any liability, for any of the following reasons:

(1). If COMPANY deems that such action is necessary to prevent or to protect against fraud or to otherwise protect its personnel, agents, facilities or services, COMPANY may discontinue service pursuant to this sub-section if:

(a). The customer refuses to furnish information to COMPANY regarding the customer's credit-worthiness, its past or current use of common carrier communications services or its planned use of service(s);

(b). The customer has been given written notice by COMPANY of any past due amount, which remains unpaid in whole or in part, for any of COMPANY's other common carrier communications services to which the customer either subscribes or had subscribed or used;

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

10. CANCELLATION BY COMPANY (Cont'd)

(4). The customer uses, or attempts to use, service with the intent to avoid payment, either whole or in part, of other charges for the service stated in this tariff:

(a). Using or attempting to use the service by rearranging, tampering with, or making connections to COMPANY's service not authorized by this tariff; or

(b). Using tricks, schemes, false or invalid number, false credit devices, electronic devices; or

(c). Any other fraudulent means or devices;

(5). Upon written notice to the customer of any sum thirty (30) days past due; or

(6). After failure of the customer to comply with a request by COMPANY to comply with a request by COMPANY for security or the payment of service pursuant to Section 20.A.;

(7) Thirty (30) days after sending the customer written notice of noncompliance with any other provision of this tariff if the noncompliance is not corrected within thirty (30) day period.

(C) The discontinuance of service(s) by COMPANY pursuant to this Section does not relieve the customer of any obligation to pay COMPANY for charges due and owing for service(s) furnished up to the time of discontinuance.

11. INTERRUPTION OF SERVICE

A. COMPANY will avoid and restore interruptions of service in compliance with Tennessee Regulatory Authority rules and regulations.

B. Credit allowance for interruptions of service which are not due to COMPANY'S testing or adjusting, the negligence of the customer, or the failure of channels, equipment, and/or the communications system provided by the customer, are subject to the general "Liability" provisions set forth in paragraph 7 herein. It shall be the obligation of the customer to notify COMPANY of any interruptions in service. Before giving such notice, the customer shall ascertain that the trouble is not being caused by an action or omission of the customer, is not within the customer's control, or is not in the wiring or equipment connected to the terminal of COMPANY

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SECTION 2 - RULES AND REGULATIONS (Cont'd)**12. RESTORATION OF SERVICE**

The use and restoration of service in emergencies shall be in accordance with Part 64, subpart D, of the Federal Communications Commission's Rules and Regulations, which specifies the priority system for such activities.

13. INSPECTIONS

COMPANY may, upon reasonable notice, make such tests and inspections as may be necessary to determine that the requirements contained herein are observed.

14. TESTING AND ADJUSTING

Upon reasonable notice, the circuits provided by COMPANY and/or its Connecting Carriers shall be made available to COMPANY and/or its Connecting Carriers for such tests and adjustments as may be necessary to maintain them in satisfactory condition. COMPANY shall have no liability to customers for time during which such tests and adjustments are/were made.

15. SPECIAL CUSTOMER ARRANGEMENTS

In cases where a customer requests special arrangements which may include engineering, installation, construction, facilities, assembly, purchase or lease of facilities, and/or other special services not offered under this tariff, COMPANY, at its option, may provide the requested services. Appropriate recurring and/or non-recurring charges will be developed accordingly.

16. RESERVED

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

17. **CUSTOMER INQUIRIES AND COMPLAINTS**

A. Customer inquiries regarding service or billing may be made in writing or by telephone to COMPANY's Customer Service Center at the following address and toll-free telephone number:

Touch America, Inc.
P.O. Box 5207
Missoula, Montana 59806
Toll-Free Customer Service Telephone - (800) 823-4664

B. COMPANY Customer Service Personnel will respond either in person or via telephone as soon as possible but no later than 24 hours from receipt of inquiry.

C. Any unresolved disputes may be directed to the attention of: Consumer Services Division, Tennessee Regulatory Authority, 460 James Robertson Parkway, Nashville, Tennessee 37243-0505, FAX: 615-741-8953 or call: 615-741-2904, exts. 160, 161, 164, 179.

D. In the event of a dispute concerning an invoice, the customer must pay a sum equal to the amount of the undisputed portion of the bill and notify the Company of the disputed portion.

18. **NOTICES**

A. Consistent with the notice requirements in Paragraph 10.B of this Section, any notice COMPANY may give to a customer may be given orally either to the customer or his/her authorized representative, or by written notice mailed to the customer's billing address or to any such address as may be subsequently given by the customer to COMPANY.

B. Unless otherwise provided by these rules, any notice from any customer may be given to COMPANY orally by the customer, or any authorized representative, at COMPANY's business offices, or by written notice mailed to the address given in paragraph 17.A. of this Section.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)**19. PAYMENT AND BILLING**

A. Service is provided and billed on a Monthly (30-day) basis unless certain conditions apply as cited in paragraphs 1.E. and 4.A. of this Section. Service continues to be provided until canceled by the customer or COMPANY pursuant to paragraphs 9. and 10. of this Section.

B. The customer is responsible for payment of all charges for services furnished to the customer or its authorized users. Non-recurring charges are payable when the service(s) for which they are specified have been performed. If an entity other than COMPANY, e.g., another carrier or supplier, imposes charges on COMPANY in addition to its own internal costs, in connection with a service for which a COMPANY non-recurring charge is specified, those charges will be passed on to the customer. Usage charges are billed after each usage cycle, on not less than a monthly basis based on billing cycles designated by COMPANY, unless certain conditions apply as cited in paragraphs 1.E. and 4.A. of this Section.

C. A customer of COMPANY 800 Inbound Service is responsible for payment for all calls placed on or via the customer's 800 Inbound Service number(s). This responsibility is not changed by virtue of any use, misuse, or abuse of the customer's service or customer-provided systems, equipment, facilities or services interconnected to the customer's 800 Inbound Service, which use, misuse or abuse may be occasional by third parties, including, without limitation, the customer's employees and members of the public who dial the customer's 800 Inbound Service by mistake or in an effort to illegally use the service.

D. The customer will be billed for and is liable for payment of all applicable Federal, State, County, Municipal and/or Local taxes which will be listed as separate line items and which are not included in the quoted rates.

E. ALL COMPANY bills are due and payable upon receipt and are considered past due thirty (30) days after issuance.

F. No deposits are required for services provided under this tariff unless COMPANY determines that a security deposit or advance payment is necessary pursuant to Section 20.

G. The customer is responsible for any and all charges for services not provided by COMPANY.

H. Calls that begin in one rate period and end in another will be billed in each rate period respectively, except for international calls, which calls are billed at the rate applicable to the originating time period.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)**19. PAYMENT AND BILLING (Cont'd)**

I. A late payment finance charge of 1.5% will be assessed on all bills not paid within thirty (30) days of the date on the billing statement. This finance charge shall appear on all subsequent statements and accrue accordingly until paid in full.

J. While charges set forth herein for installation work contemplate installations in normal locations under normal conditions, installations to be made under other circumstances may be subject to additional charges. For dedicated facilities, installation charges may vary depending upon the Local Exchange Company and the location of the customer. In any event, all installation charges, including Local Exchange Company charges to be passed through to the customer, will be established and itemized in writing, acknowledge and authorized by customer signature prior to installation. The customer may verify and all pass through LEC facility charges by contracting respective Local Exchange Company. As outlined in paragraph twenty-one (21) of this Section, COMPANY will pass actual LEC facility charges through to the customer.

K. One (1) copy of each monthly billing will be supplied to each customer without charge. An additional copy will also be supplied upon the customer's request without charge if the additional copy is mailed by COMPANY in the same envelope with the original bill. Upon customer's request, COMPANY will also mail copies of its bill to one or more additional addresses at a charge of \$5.00 per bill per month.

L. If a customer whose account has been closed has a credit balance showing due to overpayment, COMPANY will transfer the credit to another account of the customer, if there is one. If not, COMPANY will mail a check for the balance to the customer if it believes it has a valid address. If COMPANY is not certain it has a valid address, it will either include a notice with the final invoice, which will be mailed to the customer's last known address, asking the customer to verify the address so that a refund can be processed; or, it will contact the customer at the address and request verification. Such verifications can be made by calling a designated telephone number or by writing to a specified address. Upon receiving verification, a check for the balance will be mailed. If the final invoice or notification letter is returned by the post office as undeliverable, or if no response is received within thirty (30) days of mailing, COMPANY will begin a closed account maintenance charge of \$2.50 per month in the second monthly billing period following the month in which the account was closed. COMPANY will continue to apply that charge until the customer requests a refund or the balance is exhausted.

M. A charge of \$15.00 per item will be applied to any check returned for insufficient funds, no signature, account closed or if payment is stopped.

N. The name(s) of the customer(s) desiring to use the service must be set forth in the application for service or the Service Agreement.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)**20. SECURITY DEPOSIT/ADVANCE PAYMENT**

A. Security Deposit. Applicants for service or existing customers whose financial condition is not acceptable to COMPANY, or is not a matter of general knowledge, may be required at any time to provide COMPANY a security deposit, in cash or equivalent of cash, up to any amount equal to the applicable installation charges, if any, and/or up to two (2) months' actual or estimated usage charges for the service to be provided. If actual usage data is available for the customer at the same or similar premises, the deposit amount shall be calculated using the customer's average bill for the most recent twelve (12) month period. If actual usage data is not available, the deposit amount shall be based on the average bills of similar customers and premises in the system. In no event, however, will a deposit exceed two (2) month's actual or estimated usage as calculated above. In all cases, applicants and existing customers shall be treated uniformly for the determination and application of deposits. If a customer fails to pay for service or equipment, the deposit will be applied to the outstanding balance.

B. Advance Payment. Applicants or customers required to provide a security deposit pursuant to paragraph 20.A. may also be required, at any time, whether before or after the commencement of service, to provide such other assurances of, or security for, the payment of COMPANY's charges for its services as COMPANY may deem necessary, including, without limitation, advance payments for service, third party guarantees of payment, pledges or other grants of security interests in the customer's assets, and similar arrangements. The required deposit or other security may be increased or decreased by COMPANY as seems appropriate in the light of changing conditions. In addition, COMPANY shall be entitled to require such payments in cash or the equivalent of cash.

C. Interest. In case of a cash deposit, simple interest at the rate of six percent (6%) annually will be paid for the period during which the deposit is held by COMPANY, unless a different rate has been established by the appropriate legal authority in the jurisdiction in which the COMPANY service is provided. At COMPANY's option, such deposit may be refunded to the customer's account at any time. In any event, deposits or remaining balance thereof will be returned upon termination of service.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)**21. TOLL FREE SERVICE**

A. A call begins when call termination is received by or passes through customer premises equipment. It is the customer's responsibility to pass appropriate answer supervision back to the COMPANY point of connection.

B. If a customer of COMPANY's Toll Free service is found to be non-compliant in passing back appropriate answer supervision, COMPANY reserves the right to suspend and/or deny service. COMPANY shall give the customer 3 days notice of intent to suspend or deny service due to such non-compliance.

C. The customer shall be liable for all costs and toll charges associated with their 800 service, including unauthorized calls associated with the use of 800 service obtained from COMPANY including, but not limited to, calls made using COMPANY's Toll Free service when such calls are in any way routed through the customer's location. Customers shall maintain sole responsibility for the security of 800 number(s) issued to them.

D. Nothing in this section, or in any other provision of this tariff, or in any marketing materials issued by the company, shall give any customers who have reserved 800 telephone numbers hereunder or customers who subscribe to and use COMPANY Toll Free services, or their transferees or assignees, any ownership interest or proprietary right in any particular 800 service telephone number.

E. Customers (including carrier customers) are prohibited from using any telephone numbers beginning with an 800 service code, or any other number advertised or widely understood to be toll free, in a manner that would result in; (a) the calling party or the subscriber originating line being assessed by any fee or charge virtue of completing the call; (b) the calling party being connected to a pay-per-call service; (c) the calling party being charged for information conveyed during the call unless the calling party has a pre-subscription or comparable arrangement; or (d) the calling party being called back collect for the provision of audio or data services, simultaneous voice conversation services, or products. The customer shall be afforded a period of no less than seven (7) days and no more than fourteen (14) days during which a violation may be brought into compliance. 800 service not in compliance with the above regulations at the expiration of such period may be terminated immediately.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)**21. TOLL FREE SERVICE (Cont'd)**

F. The customer must obtain an adequate number of access lines associated with COMPANY's Toll Free services to handle the customer's expected demand in order to prevent interference or impairment of this service or any other service provided by COMPANY taking into account (1) call volume; (2) average call duration; (3) time-of-day characteristics; and (4) peak calling periods. The company, without incurring any liability, may disconnect or refuse to furnish COMPANY's Toll Free services to any customer that fails to comply with these conditions. In case of disconnection, the customer will be notified at least five (5) days in advance of the disconnect. The customer will be responsible for all charges incurred as well as any access charges COMPANY may incur as a result of the customer's failure to comply within the above conditions.

G. A customer is responsible for all charges for use of the COMPANY network arising from calls placed to the Customer's COMPANY Toll Free service. An applicant for COMPANY 800 service may be required to supply the following when requesting service: an initial traffic forecast, identification of its geographical marketing target areas, and a schedule of marketing and promotional activities. A new tariff forecast shall be submitted quarterly after service is initiated. Customers of COMPANY Toll Free service may not use Automatic Number Identification (ANI), provided by COMPANY incidental to the furnishing of COMPANY Toll Free service, to invoice, either directly or indirectly, their customer in connection with their furnishing of other than common carrier services.

H. The new prefixes "888" and "877" for the purpose of this tariff, apply to all COMPANY's existing 800 services, rates, and rules and regulations that governs all COMPANY's 800 service.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)**22. ADMINISTRATION OF TOLL FREE NUMBERS**

A. COMPANY will accept a prospective customer's request for a particular COMPANY 800 service telephone number. Up to a total of ten (10) such numbers may be requested. COMPANY will accommodate each request to the extent possible. If a requested number(s) can be assigned to a prospective customer, COMPANY will so notify the customer and will reserve it for the customer's use for a 59-day period. If, at the end of the 59-day period, the prospective customer has not subscribed to COMPANY's 800 service using a reserved number(s), COMPANY in accordance with its procedures, may make the reserved number available for use by another customer.

B. In its capacity as Resp. Org., COMPANY will reserve, assign, activate or change, upon receipt of a verified request, 800 numbers for a customer or prospective and will administrator 800 numbers, in accordance with customary industry standards and practices, the terms of this tariff, and the effective procedures of the 800 Service Management System (SMS) database administration. Customers may request, reserve, or assign or activate 800 numbers on their own behalf, or a customer which resells COMPANY inbound transmission services may request, reserve, assign, or activate 800 numbers on behalf of a customer or prospective customer of such reseller. A customer who resells COMPANY inbound transmission services must provide to any customer or potential customer, upon reasonable request therefore, concerning the status of a particular 800 number or numbers in which the customer or potential customer has interest and, if applicable and available the identity of the Resp. Org.(s) for the 800 numbers. If an existing or prospective COMPANY customer decides not to utilize the reserved, assigned, or activated 800 number(s), the customer must notify COMPANY within 48 hours so that COMPANY may release the 800 number to the pool of numbers available for assignment in accordance with industry practice and standards.

C. 800 numbers are incidental to the inbound calling service with which they are associated and, as such, may not be sold, transferred or otherwise conveyed independent of inbound transmission service. The assignment of an 800 telephone number(s) for use with company-provided inbound transmission service confers on the customer no proprietary interest what so ever in the number(s) assigned. It shall be a violation of this tariff if the customer seeks to acquire, or does acquire, any 800 numbers associated with inbound service provided by the company for the primary purpose of selling, brokering, bartering, or releasing for a fee (or other consideration) to another party that 800 number, independent of the COMPANY service with which it is associated. In any instance in which the company learns that a customer or prospective customer is attempting to sell or otherwise transfer or assign an 800 number to another person, in violation of this tariff, COMPANY may immediately and without notice release the number from reserved status, or it may immediately upon written notice to the customer discontinue the furnishing of service via the 800 number. The COMPANY telephone number forfeited as a result of the impermissible or reassigned to the undertaking will not be reserved for the prospective customer or reassigned to the customer under any condition or circumstance by COMPANY.

D. Each 800 service telephone number must be placed in actual and substantial use by the customer.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

23. OPERATOR SERVICES – COMPANY OBLIGATIONS

When COMPANY provides operator services to aggregators, it ensures via contract or tariff that:

- A. Aggregators comply with the obligations in Paragraph 24.; and
- B. All 0- or 911 emergency calls will be immediately defaulted to the originating LEC for proper handling.

24. OPERATOR SERVICES – AGGREGATOR OBLIGATIONS

A customer acquiring operator service from COMPANY, which, in the ordinary course of its operations, makes telephones service available to the public or to transient user of its premises for placing intrastate telephone calls, must:

- A. Post on or near the telephone instrument, in plain view of consumers; the name, address, and toll-free telephone number of the provider of operator services;
- B. Post a written disclosure that the rates for all operator-assisted calls are available on request, and that consumers have a right to obtain access to the intrastate common carrier of their choice; and may contact their preferred intrastate common carriers for on accessing that carrier's service using the telephone; and the name and address of the enforcement of the Common Carrier Bureau of the Federal Communications Commission, to which the consumer may direct complaints regarding operator services; ensure that each of its telephones presubscribed to a provider of operator services allows consumers to use "800" and "950" access code numbers or any other carrier identification code (10XXX) to obtain access to the provider of operator service desired by the consumer; and
- C. Ensure that no charge by such customer to the consumer for using an "800 or 950" access code number, or any other access code number, is greater than the amount the aggregator charges for calls placed using the customer's presubscribed provided of operator services.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)**25. OPERATOR SERVICES - BILLING ARRANGEMENTS****A. Collect, Calling Card, and Charge Third Party Calls**

Charges for calls of this type will be included on the user's or called or third party's regular home or business telephone bill pursuant to billing and collection agreements established by COMPANY or its intermediary with the applicable telephone company.

B. Credit Card Calls

Charges for credit card calls will be included on the user's regular monthly statement from the card-issuing company.

C. Room Charge Calls

When requested by the user, and authorized by the subscriber, the charges may be provided for inclusion on the hotel or motel bill of the user. In such cases, COMPANY will provide a record of the call detail and charges to the hotel or motel for such billing purposes.

D. Validation of Credit

COMPANY reserves the right to validate the credit worthiness of users through available credit card, calling card, call number, third party telephone number and room number verification procedures. Where a requested billing method cannot be validated, the user may be required to provide an acceptable alternate billing method or COMPANY may refuse to place the call.

E. Contested Charges

For consideration of any disputed charge, a user must submit in writing to COMPANY, within 30 days of the date the bill is issued, the call details and the bases for any requested adjustment. COMPANY will promptly investigate and advise the user as to its findings and disposition. Any undisputed charges must be paid on a timely basis.

F. Billing Entity Condition

When billing functions on behalf of COMPANY are performed by local exchange telephone companies, credit card companies or others, the payment of charge conditions and regulations of such companies apply, including any applicable interest and/or late payment charge conditions.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)**26. DIRECTORY ASSISTANCE**

A. Domestic directory assistance is available for all services. The directory assistance charge will be applied to each call for as to any telephone number in the United States, Puerto Rico, and the U.S. Virgin Islands. The Directory Assistance charge applies to each call regardless of whether the requested Directory Assistance telephone number is furnished. In addition, Directory Assistance calls will not count toward, nor be calculated as part of, the customer's service volume discounts unless otherwise indicated. Directory Assistance customers calls may be placed with the assistance of an operator, and they may be billed to commercial credit cards.

B. A credit allowance will be given or the charge that would otherwise apply will be waived when:

(1). The customer experiences poor transmission or is cut-off during the call to Directory Assistance.

(2). The customer is given an incorrect telephone number by the Directory Assistance operator.

(3). The customer has inadvertently miss-dialed and has reached Directory Assistance for the wrong area code. To obtain such a credit/waiver, the customer must notify an COMPANY customer service representative within twenty-four (24) hours.

C. Customers who are pre-subscribed to COMPANY service and have been certified in writing to be unable to access or use a manual directory because of a visual or other physical impairment are eligible to receive a credit which will be applied against the per-call charge and any applicable operator-assistance surcharges specified in this tariff for domestic Directory Assistance calls made by dialing Area Code + 555-1212. This certification must be made by a licensed physician, optometrist, appropriate federal or state agency, or appropriate approved private agency.

The written certification of visual or other physical impairment must be provided to an COMPANY Customer Service Center, or, at COMPANY's election, proof of certification, as defined above, may be provided to, and maintained on file with, the Customer's Local Exchange Carrier.

Credits may be used by: (i) the visually or otherwise physically impaired customer; (ii) an organization established specifically for the purpose of assisting the visually or otherwise physically impaired; or, (iii) a business where all owner(s) and/or employees of the business on the premises at which a call originates have been certified as visually or otherwise physically impaired. Credits will apply only to Directory Assistance calls made by dialing Area Code + 555-1212, that originate from and are billed to the telephone number of the certified visually or otherwise physically impaired person or organization. Only one telephone number per location is entitled to this credit. A maximum of fifty Directory Assistance calls, including operator-assistance surcharges, per monthly billing period will be eligible for the credit.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)**27. ROUNDING METHODS****A. Term Definitions:**

- (1). Charge Element Rounding: The rounding of seconds for the initial and incremental periods of one call.
- (2). Call Rounding: The rounding of cents for the initial and incremental periods of one call.

B. Rounding methods for computing charges:

- (1). Bulk Rounding: Bulk rounding method rounds to the nearest fraction of a number, and retains those fractions from call to call until a whole number is accumulated, then that number is added to whatever call is hit when the (call) fractions total one (whole) number.
- (2). Rounding Up: Rounding up method rounds the second digit to the right of the decimal point up one value if the value of the third digit to the right of the decimal point is greater than zero.
- (3). Standard Rounding: Standard rounding determines if the third digit to the right of the decimal point is greater than 5, then the number will be rounded up; if the number is less than 5, no rounding will occur.

C. Rounding Applications:

- (1). All charge elements for new products will be rounded up; all initial seconds and increments will be rounded using the Rounding Up method.
- (2). All call rounding will be as follows:

Intrastate Usage	Bulk Rounding
Directory Assistance	Standard Rounding

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SECTION 2 - RULES AND REGULATIONS (Cont'd)**28. THIRD PARTY MARKETING PROMOTION**

A. The Company may from time to time enter into agreements with third parties to market COMPANY services. Subsequent to entering into such agreements, COMPANY may pay commissions to the third party marketing entity for qualifying monthly usage revenues generated by COMPANY customers to whom the third party has marketed COMPANY service(s). The actual level of commissions to be paid will be dependent on the nature and extent of activities engaged in by the third party on COMPANY's behalf including, without limitation, initial sales efforts, order coordination and processing, customer service, service problem determination and resolution, billing coordination, billing dispute resolution, and collection or guarantee of collection of the amounts billed to COMPANY customers enrolled by the third party. The commission payments may be remitted by the third party, in whole or in part, and in its sole discretion, to customers to whom it has marketed COMPANY service(s).

B. Within a Third Party Marketing Promotion, COMPANY may waive its portion of installation charges on voice and data basic digital service and switched long distance services for all customers enrolled by a third party.

29. DEDICATED SERVICE

A. Upon request and signing up for one of COMPANY's dedicated access line services (DAL), the DAL customer will have the option of utilizing one of COMPANY's switched services until such time as the Customer's DAL service is installed and made available.

B. COMPANY will then credit the customer the difference between the switched product rates and the applicable DAL rates after the DAL service is installed and billing. The credit would only be for the period beginning with the first date the customer is willing to accept installation of the DAL and the actual date the DAL is installed. The credit will be given on the customer's second month's DAL bill received from COMPANY.

30. INFORMATION PROVIDER DATA

A Service Bureau shall promptly furnish to COMPANY, and keep current on a continuing basis, the name, address and customer service telephone number(s) of the Providers to whom it provides service. Where an Provider directly subscribes to COMPANY's service, it shall promptly furnish to COMPANY, and keep current on a continuing basis, its name, address and customer service telephone number(s).

31. LINE SEIZURE

No provider of pay-per-call services subscribing to COMPANY's service under this tariff shall use automatic dialing devices which deliver a recorded message to the called party unless the device releases that called party's telephone line promptly but in no event longer than current industry standards.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)**32. ANSWER SUPERVISION**

Answer supervision must be provided when an COMPANY service offering is connected to switching equipment or a customer-provided communications system. The equipment or system must provide answer supervision so that the measure of chargeable time begins upon the delivery of the customer COMPANY call to the switching equipment or to the equipment connected to the communications system and ends upon termination of the call by the calling party. If a customer's communications system fails to promptly return to COMPANY an idle (on-hook) state upon completion of the call, the customer will be held responsible for all charges that result up until the time the customer's communication system signals COMPANY's network that the call has been terminated or until such a time that COMPANY's own system terminates the call.

33. RESTRICTIONS

Providers of pay-per-call services subscribing to COMPANY transmission services, including 900 service, must comply with all requirements of: (a) Titles II and III of the Telephone Disclosure and Dispute Resolution Act (Pub. L. No. 102-556) (TDDRA); and all requirements of: (b) the regulations prescribed by the Federal Communication Commission and the Federal Trade Commission pursuant to those Titles. The company shall terminate programs, which utilize 900 service if the programs are not in compliance, following written notice to the provider. The provider shall be afforded a period of no less than seven (7) days and no more than fourteen (14) days during which a program may be brought into compliance. Programs not in compliance at the expiration of such period shall be terminated immediately.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)**34. SPECIAL ACCESS SURCHARGE**

A. A monthly special access surcharge, required by the Local Exchange Carrier (LEC), applies to each local channel termination associated with Channel Service and Foreign Exchange Service Capability. This monthly surcharge is applicable when the local channel is connected to a PBX or equivalent device, which is capable of interconnecting the Channel Service or Foreign Exchange Service Capability with local exchange service. When analog or digital high capacity facilities interconnect with the local exchange network, the special access surcharge is applied on a per voice grade equivalent circuit basis as shown in the following example:

<u>Basic digital Facility</u>	<u>Voice Grade Equivalent</u>			<u>Monthly Surcharge</u>
Circuits	X	\$25		Per Circuit
Group	12	X \$25	=	\$300.00
DSI	24	X \$25	=	\$600.00

B. The special access surcharge applies on each local channel termination installed whether the interconnection capability exists in the customer's premise equipment or in a Centrex CO type switch.

C. The customer may be exempt from the monthly special access surcharge if:

(1). The customer certifies in writing that the local channel terminates in a device not capable of interconnecting the service with the local exchange network; or

(2). The customer certifies that the local channel termination, by nature of its operating characteristics, could not make use of LEC common lines; or

(3). The customer certifies that the local channel is connected to a LEC's switched access service that is subject to carrier common line charges.

D. The certification will be in the form of a written notification to the Company. The notification may be provided:

(1). At the time the service is ordered; or

(2). At such time as the service is re-terminated to a device not capable of interconnecting to the local exchange network; or

(3). At such time as the local channel becomes associated with a switched access service that is subject to carrier common line charges.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)**34. SPECIAL ACCESS SURCHARGE (Cont'd)**

E. If a written certification is not received at the time an order for new service is placed, the special access surcharge will be applied. COMPANY will cease billing the special access surcharge and the exempt status will become effective on the date certification is received by COMPANY on services in place. If the status of the basic digital facility was charged prior to the receipt of the exemption certification, COMPANY will credit the customer's account, not to exceed ninety (90) days, based on the effective date of the change specified by the customer in the letter of certification.

35. GROSS RECEIPTS TAX

A surcharge will be imposed on all charges for outbound service originating at, or inbound service terminating at, addresses in states which levy, or assert a claim of right to levy, a gross receipts tax on COMPANY's operations in any such state, or a tax on interstate access charges incurred by COMPANY for originating access to telephone exchanges in that state. This surcharge is based on the particular state's receipts tax and other states receipts taxes imposed directly or indirectly upon COMPANY by virtue of and measured by the gross receipts or revenues in that state and /or payment of interstate access charges in that state. The surcharges will be shown as a separate line item on the customer's invoice.

36. TELECOMMUNICATIONS SERVICE PRIORITY PROVISIONING AND RESTORATION OF SERVICE

The provisioning and restoration of service in emergencies shall be in accordance with Part 64, Subpart D, Appendix A of the Federal Communications Commission's Rules and Regulations, which specifies the prioritization for such activities.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)**37. TOLL-FREE SERVICE ASSURANCE GUARANTEE**

A. If a Toll-Free line provided by COMPANY to the Customer is subject to a Service Disruption, COMPANY will, within 15 minutes of the exact time of completion of the Confirmation Process, reroute traffic from the Affected Toll-Free Line to any working number: (i) terminating in forty-eight (48) contiguous United States Domestic U.S.); and, (ii) which is provided by COMPANY to the Customer. If COMPANY fails to reroute such traffic within fifteen (15) minutes after completion of the Confirmation Process (A Toll-Free Line Outage), COMPANY will credit to the Customer's account an amount equivalent to the lesser of: (i) one hundred percent (100%) of the usage for the Affected Toll-Free Line for the entire month in which the Toll-Free Line Outage occurred; or, (ii) one hundred ten percent (110%) of the usage for the Affected Toll-Free Line in the month prior to the month in which the Toll-Free Line Outage occurs.

(1). Service Disruption is defined as a degradation in the performance of a toll-free line provided by COMPANY to the Customer (Affected Toll-Free Line) which completely disallows COMPANY from terminating calls to such Affected Toll-Free Line.

(2). The Confirmation Process is defined as (i) the Customer's telephonic notification to an COMPANY Customer Service Representative of a Service Disruption and the furnishing by the Customer of certain information (including the Customer's name and address, the Customer's COMPANY account number and the Affected Toll-Free Line, the service subscribed to by the Customer and the approximate time the Service Disruption began; and, (iii) acknowledgment from such COMPANY Customer Service Representative that traffic to the Affected Toll-Free Line will, in accordance with the terms of this Guarantee, be rerouted within 15 minutes of the conclusion of the Customer's telephone call to COMPANY.

(3). The credit will be applied within sixty (60) days of the Service Disruption. The credit will be calculated based on all calls to the Affected Toll-Free Line(s) and applied to the Customer's interstate usage.

(4). COMPANY is guaranteeing only that calls will be rerouted within 15 minutes upon completion of the Confirmation Process, not that service will be restored to the main location in that timeframe. COMPANY's only obligation under this Guarantee is to issue the appropriate credit as described above.

(5). A maximum of five (5) affected toll free numbers per Customer, per occurrence will be covered under this Guarantee.

(6). The customer is required to designate and provide to COMPANY a working telephone number with enough capacity to handle the rerouted traffic. COMPANY will not be responsible or liable for uncompleted calls due to problems with the working telephone number or insufficient capacity or number of lines at the working telephone number designated by the Customer.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)**37. TOLL-FREE SERVICE ASSURANCE GUARANTEE (Cont'd)**

(7). The Toll-Free Service Assurance Guarantee shall not apply for the following:

(a). a Service Disruption is caused by the negligence, errors, or omission of the affected Customer or others authorized by the Customer to use the Customer's service;

(b). a Service Disruption is caused due to the failure or malfunction of any power, equipment, service, or systems not provided directly by COMPANY;

(c). a Service Disruption occurs during any period in which COMPANY or its agents are not afforded access to the premises where access lines associated with the Affected Toll-Free Line is terminated; provided, however, that such access is needed to prevent Service Disruption;

(d). a Service Disruption occurs during any period when the Customer has released the service to COMPANY for maintenance or rearrangement purposes, or for the installation or de-installation of a Customer order;

(e). a Service Disruption occurs during a period when the Customer elects not to release the service(s) for testing and/or repair and continues to use it on an impaired basis;

(f). a Service Disruption occurs due to network busy conditions;

(g). a Service Disruption non immediately/promptly reported to COMPANY;

(h). a Service Disruption is caused by the failure of an underling local exchange carrier or third party carrier of local, switched and/or dedicated service that COMPANY relies on to provide service to the Customer;

(i). a Service Disruption is caused by the failure of the National SMS 800 database and/or system;

(j). COMPANY is not the Responsible Organization (Resp Org) for the Affected Toll-Free Line;

(k). The on-line portion in a Multi-carrier situation;

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SECTION 2 - RULES AND REGULATIONS (Cont'd)**37. TOLL-FREE SERVICE ASSURANCE GUARANTEE (Cont'd)**

(l). The Customer is utilizing COMPANY's Toll-Free Verified and Non-verified PAC, GeoRouting, or Menu Routing services;

(m). a Service Disruption caused by the Customer's use of COMPANY services in any unauthorized or unlawful manner; and/or,

(n). a Service Disruption is caused by or resulting from a *force majeure* event beyond the reasonable control of COMPANY including, but not limited to, an act of God, government regulations, or national emergency.

38. CUSTOMER SATISFACTION GUARANTEE

Customers who have entered into a term agreement for COMPANY service may terminate their agreement with COMPANY prior to the expiration of the term without liability for early termination charges (except as set forth herein) if COMPANY fails to provide billing and/or transmission services in accordance with industry standards within thirty (30) days after receipt of written notification from the customer specifying that an COMPANY billing and/or transmission service deficiency exists and issuance of an COMPANY trouble ticket. If the Customer terminates a term agreement because COMPANY is unable to cure an COMPANY billing and/or transmission service deficiency within thirty (30) days of receipt of the Customer's written notice and issuance of a trouble ticket, the customer will be entitled to receive:

A. A prorated portion of any tariffed discounts and/or credits that the customer would have been entitled to receive based on the portion of the term that has expired; and

B. Reimbursement for actual and applicable installation costs associated with switching it back to its previous long distance carrier. COMPANY will credit Customers utilizing switched access services an amount equal to the applicable Primary Interexchange Carrier (PIC) change charge actually incurred and paid by the Customer up to a maximum of \$10.00 per line. COMPANY will credit Customers utilizing dedicated access services an amount equal to the applicable installation charges actually incurred and paid by the Customer up to a maximum of \$200.00 per DS-0 line and a limit of 100 DS-0 lines. In order to qualify for this offering, the Customer must, within sixty (60) days of sending written notice of termination to COMPANY, submit invoices documenting the actual installation charges for which it seeks a credit.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

38. **CUSTOMER SATISFACTION GUARANTEE (Cont'd)**

In order to qualify for this guarantee, the Customer must notify COMPANY in writing of its intent to cancel its COMPANY service thirty (30) days prior to the requested termination date. Written notification must be sent to:

Touch America, Inc.
Attention: Cancellation Notification
1903 South Russell St.
P.O. Box 5207
Missoula, Montana 59806

Note: This guarantee excludes international frame relay and international private line services.

39. **MINIMUM USAGE COMMITMENT**

A. Where specifically allowed in the tariff, for those COMPANY services which provide a discount based upon the customer's commitment to use a minimum amount of COMPANY services per month, COMPANY will count the customer's total use of COMPANY services, except charges that have been specifically excluded under this tariff, in determining whether the customer satisfies the minimum usage requirement.

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SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES**1. AUDIO TELECONFERENCING**

A. General Description: Audio Teleconferencing permits three (3) or more customers located within the State to be connected. COMPANY offers its customers the following three (3) Audio Teleconferencing services:

1. Operator Assisted Conferencing Calling
2. 800 Meet Me
3. Local Meet Me

B. New Customer Discount: New Customers who have never used COMPANY's Audio Teleconferencing service will receive a fifty (50) percent discount off of their first thirty (30) days of usage.

C. Rates:

- | | | |
|------|--|--------|
| (1). | <u>Operator Assisted Conferencing Calling ("OACC")</u> | |
| | Bridging Cost*, per bridged minute | \$0.43 |
| (2). | <u>800 Meet Me Conferencing</u> | |
| | Bridging Cost*, per bridged minute | \$0.44 |
| (3). | <u>Local Meet Me Conferencing</u> | |
| | Bridging Cost*, per bridged minute | \$0.28 |

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**1. AUDIO TELECONFERENCING (Cont'd)**

D. Volume Discount: Discount is based on total Audio Conferencing charges.

Retroactive Discount

Total Monthly Usage Charges	Percent Discount
\$0.00 - \$500	0%
\$500.01 - \$1,000	4%
\$1,000.01 - \$2,500	8%
\$2,500.01 - \$5,000	12%
\$5,000.01 - \$10,000	16%
\$10,000.01 - \$15,000	18%
\$15,000.01 - \$20,000	20%
\$20,000.01 - \$25,000	22%
\$25,000.01 - +	24%

* The Bridging Cost includes the rate associated with the long distance call.

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**2. ENHANCED 800/888/877 FEATURES**

A. General Description: Enhanced 800/888/877 Features are selected add on enhancements to all of COMPANY's 800 Services: The following enhancements are available:

(1). Time of Day Routing: Customer can accept incoming calls on alternate numbers based on time-of-day.

(2). Day of Week Routing: Customer can accept incoming calls on alternate numbers based on day of week.

(3). Holiday Routing: Customer can accept incoming calls on alternate numbers based on holiday.

(4). Direct Terminal Overflow: Customer can forward incoming calls to predesignated local number if busy; (DAL customers only).

(5). Tailored Call Coverage: Customer can block calls from one 800 origination. Calls may be blocked by area code, area code/exchange, LATA, state, or 10 digit ANI.

(6). Dialed Number Identification: Customer can identify dialed number; (DAL customers only).

(7). % Allocation Routing: Routes calls placed on an 800 number up to 8 different terminating locations based on whole number percentages that add up to 100%.

(8). Alternative Routing: Customer can Activate Alternate Routing Plan.

(9). Real Time ANI: Allows dedicated access customers to receive the ANI of the calling party if the call originates from an equal access end office.

(10). Account Codes: Allows the customer to track usage of its 800 number back to specified user codes and/or to limit use of its 800 number to only those dialing authorized codes. Requires that additional digits be dialed after the regular 10-digit 800-number is dialed. Two types are available: verified and non-verified. With both types of codes, calls cannot be completed without entry of the specified codes. In addition, with the verified codes, calls are not completed until codes are verified for accuracy. As an option, Call Detail can be sorted by either verified or non-verified codes.

(11). Geographical Routing: Allows the customer to arrange for calls to a single 800 service telephone number placed from different groups of originating locations to terminate to different locations. Originating locations may be identified using the NPA or by NPA/NXX*.

* TA Confidence and TA Simple-One Promise customers only (switched & dedicated).

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)

2. **ENHANCED 800/888/877 FEATURES (Cont'd)**

(12). 800 Directory Publication: Allows customers to publish their 800 number(s) in AT&T's 800 directory.

(13). Menu Routing: Plays prerecorded messages in a menu like fashion referring callers to other numbers, explaining service conditions, or other information that a Customer desires to provide to their callers. The call may either terminate after the message announcement, or proceed to a set of interactive voice responses that give additional menu options. These menu options may terminate to a final destination or prompts can be linked to another set of menu options. COMPANY supports two types of Menu Routing:

(a). Basic Menu Routing Plans: Basic Menu Routing will allow one voice announcement message to be followed by a menu of options. Customers may select up to four (4) menu options. These menu options will terminate to a ring-to number based on the menu option selected using the keypad on the telephone.

(b). Advanced Menu Routing Plans: Any plan that does not meet the Basic Menu Routing requirements as described above, will be considered an Advanced Menu Routing Plan. The limitations for Advanced Menu Routing are as follows: (1) no more than nine (9) Menu Options per set or grouping; and, (2) no more than four (4) menu levels.

(14). Quota Call Allocation - Round Robin: Distributes incoming calls to terminating addressed (TA's) or other feature(s) to a fixed number of calls per a designated unit of time (minutes or hours). A Customer will be able to distribute calls to several TA's based on the number of calls per unit of time. The unit of time versus the amount of calls can be adjusted based on what the user specifies, e.g., the number of calls per unit of measure.

B. Availability: Enhanced 800/888/877 Features are available individually or in any combination for both existing and new customers.

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)2. **ENHANCED 800/888/877 FEATURES (Cont'd)**C. **Rates:** Rates include an installation charge and a monthly recurring charge.**Monthly Recurring Charges**

Tailored Call Coverage	\$0.00
Account Codes Verified	\$50 per block of 100
Account Codes Non-Verified	\$50 per 800 number
Geographical Routing	\$.0005 per MOU*
Real Time ANI	\$350.00 per trunk group
Dial Number Identification Service (DNIS)	\$0.00
Directory Publication	\$15.00
All other features	\$75.00**
Menu Routing	\$0.05 per call
Quota Call Allocation	\$50.00

Non-Recurring Charges

Tailored Call Coverage	\$25.00
Per option change to 800 number	\$25.00
Real Time ANI	\$300.00 per trunk group
Account Codes Installation charge	\$75.00
Account Codes Change charge	\$75.00
Dial Number Identification Service (DNIS)	\$500.00
Directory Publication	\$15.00
All other features	\$50.00***

* The \$.0005 rate per MOU is in addition to the monthly recurring and non-recurring charges.

** Per arrangement (each feature chosen).

*** Per order (one or multiple features).

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**3. GLOBAL-CARD CALLING CARD**

A. General Description: Global-Card Calling Card allows customers to make domestic calls away from home anywhere in the United States. Additionally, the Global-Card provides International origination from over 50 countries worldwide. To initiate a Global-Card call, the customer dials a toll free number. When the call is acknowledged, the customer then inputs their card number and security code.

B. Billing: Six (6) second increments.

C. Time Periods:

Mon, Tue, Wed, Thu, Fri, Sat, Sun	8:00am to 5:00pm*	Day
Mon, Tue, Wed, Thu, Fri, Sat, Sun	5:00pm to 11:00pm*	Evening
Mon, Tue, Wed, Thu, Fri, Sat, Sun	11:00pm to 8:00am*	Night/Weekend

* Up to but not including, the times shown.

D. Rates:

(1). There is a surcharge per call when utilizing the Global-Card Calling Card in addition to the charge in (2) below: \$.25

(2). There is a charge per minute of use for the Global-Card calling card:

Day	Evening	Night/Weekend
\$0.25	\$0.18	\$0.18

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**4. GLOBAL-CARD + CALLING CARD**

A. General Description: Global-Card + Calling Card is designed for residential services. Global-Card + allows customers to make domestic and international call away from home anywhere in the United States.

To initiate a Global-Card + call, the customer dials a toll free 800 number. The voice response unit ("VRU") then instructs the customer to input the authorization code, which is the customer's billed to number plus four (4) digits. After the proper verification of the authorization code, the VRU guides the customer through the available options.

B. Billing: Full minute

C. Availability: Global-Card + is restricted to the following MTS 1+ services: USA PLAN and Radiance +.

D. Rates:

Per Minute Rates	
All Time Periods	\$0.40
Surcharge	
Per Call	\$0.99
Operator Surcharge Per Call	\$2.25
Payphone Use Charge	\$0.25

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**5. DEDICATED SERVICES**

Generally: Dedicated services provide an analog or digital special access line going from a caller's own equipment directly to a long distance company's switch or POP. The line may go through the local exchange Central Office, but the local exchange carrier does not switch calls on this line. COMPANY offers the following dedicated access services:

A. PRIVATE LINE SERVICES

1. General Description: Voice Grade Service is offered in increments of one or more voice grade channels. Such voice grade systems may be utilized for voice service, data service, facsimile service, off-premise extension, foreign exchange, automatic ring down, tie line service(s) or any combination thereof, and may be interconnected with the facilities of other communication carriers and users for a customer's communication needs.

Analog Data Service provides dedicated service for interstate, intrastate, and InterLATA end to end communications between cities. This data is capable of full duplex (simultaneous two-way transmission) operation utilizing a four-wire voice grade circuit on a point-to-point basis.

B. TOUCH AMERICA DIRECT (DS-1) (DS-1, 1.544 MBPS) (T-1)

1. General Description: Touch America Direct, DS-1, 1.544 Mbps (also known as T-1 or Terrestrial Digital Service) is a high-speed digital communications service with a transmission rate of 1.544 million bits per second, or the equivalent of 24-voice channels transmitting at 64 thousand bits each per second.

C. Billing: Billing for COMPANY's Dedicated Services ("Private Line and T-1/DS-1 Services") will be done on a fixed and per mile basis.

D. Local Access: For customers who elect to have COMPANY bill them for Local Exchange Access Service, COMPANY will pass through the applicable rates set forth in the Local Exchange Carrier's tariff at the time service is provided to the customer. The customer will continue to be billed for local loops at the rate charged by the LEC at the time the customer received service, unless adjusted by COMPANY to reflect rate changes instituted by the LEC.

E. Availability: COMPANY's Dedicated Services (Private Line and T-1/DS-1 Services) are available to any customer and are only available on an intrastate basis when the customer has signed up for the interstate Private Line or T-1/DS-1 Service(s).

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)

5. **DEDICATED SERVICES (Cont'd)**

F. **Definitions** – The following definitions are applicable to COMPANY's Dedicated Services:

Basic Digital Service (BDS): A dedicated digital private line service that may be utilized to support voice frequency, data, video and facsimile applications.

Burst Information Rate (BIR): A short duration transmission that can relieve momentary congestion in the Local Area Network.

Channel or Circuit: A communications path between two or more points.

Central Office Connection (COC) Charge: A charge assessed on dedicated service customers on a non-recurring and monthly basis for the cost of connecting the customer's dedicated access line to the carrier's Central Office.

Committed Information Rate (CIR): A rate assigned to each Private Virtual Circuit (PVC) by the TA FramePlus subscriber. CIRs represent the "guaranteed" transmission rates between two network ports. CIRs are available in 8 Kbps increments from Zero to 1024K.

Dedicated Access Lines: Dedicated Access lines used between the customer's premises and Company's Points-of-Presence for origination or termination of telecommunication traffic.

Extended Digital Service (EDS): A dedicated digital private line service that may be utilized to support voice frequency, data, video and facsimile applications. EDS is available in increments of 64 Kbps up to 512 Kbps for higher speed data applications.

High Speed Digital Service (HDS) (Touch America Direct (DS3)): A dedicated digital private line service that may be utilized to support voice frequency, data, video and facsimile applications. HDS transports full duplex digital signals over terrestrial facilities at the rate of 44.736 Mbps or the equivalency of 28 DS-1's or 672 DS-0's.

Permanent Virtual Circuit (PVC): A logical connection between port connections. PVC's are defined on the basis of simplex (or asymmetrical) transmission, which allows the user to establish different data transmission rates in each direction.

Terrestrial Digital Service (TDS)(Touch America Direct (DS1)): A dedicated digital private line that may be utilized to support voice frequency, data, video and facsimile applications. TDS transports full duplex digital signals over terrestrial facilities at the rate of 1.544 Mbps or the equivalency of 24 DS-0's.

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**5. DEDICATED SERVICES (Cont'd)****G. Charges:****(1) Dedicated Leased Line Charges:**

	Fixed	Per Mile	COC MRC	COC NRC	Bridging
TA Basic Digital Service	\$225.00	\$0.29	\$50.00	\$150.00	\$17.00
Extended Digital Service 128	\$450.00	\$0.58	\$150.00	\$500.00	
Extended Digital Service 192	\$675.00	\$0.87	\$150.00	\$500.00	
Extended Digital Service 256	\$900.00	\$1.16	\$150.00	\$500.00	
Extended Digital Service 320	\$1,125.00	\$1.45	\$150.00	\$500.00	
Extended Digital Service 384	\$1,350.00	\$1.74	\$150.00	\$500.00	
Extended Digital Service 448	\$1,575.00	\$2.03	\$150.00	\$500.00	
Extended Digital Service 512	\$1,800.00	\$2.32	\$150.00	\$500.00	
Extended Digital Service 576+	\$1,900.00	\$2.30	\$150.00	\$500.00	
Touch America Direct (DS1)	\$1,900.00	\$2.30	\$150.00	\$500.00	
Touch America Direct (DS3)	\$16,000.00	\$42.00	\$500.00	\$2,700.00	

(2) FramePlus Charges:

Port Connection	Fixed Rate	Per DSO	Change	Install
Continental US	\$100	55	\$250	N/A
Authority NMS (per network)	\$1,000	N/A	\$500	\$2,000
ARC	\$250	N/A	\$250	\$250

Permanent Virtual Circuits

	CIR per 8K Simplex	BIR per 8K Simplex
Continental US	\$17.00	\$3.00

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**5. DEDICATED SERVICES (Cont'd)****H. Discounts****(1). Leased Line and FramePlus:**

	MTM	1 Year	2 Year	3 Year
\$0 – 25,000	0%	0%	0%	0%
\$25,000 - 50,000	0%	10%	12%	15%
\$50,000 - 75,000	0%	12%	15%	18%
\$75,000 - 100,000	0%	15%	17%	20%
\$100,000 - 125,000	0%	16%	18%	21%
\$125,000 - 150,000	0%	17%	20%	23%
\$150,000 - 250,000	0%	19%	22%	25%
\$250,000 - 350,000	0%	20%	23%	26%
\$350,000 - 500,000	0%	21%	24%	27%
\$500,000 - Plus	0%	22%	25%	28%

(2). HSDS (High Speed Digital Services) - DS-3 IOC (Inter-Office Channel):

	MTM	1 Year	2 Year	3 Year
\$0 – 25,000	0%	0%	0%	0%
\$25,000 - 50,000	0%	15%	16%	17%
\$50,000 - 75,000	0%	17%	18%	19%
\$75,000 - 100,000	0%	18%	19%	20%
\$100,000 - 200,000	0%	19%	21%	22%
\$200,000 - 350,000	0%	21%	23%	24%
\$350,000 - 500,000	0%	25%	27%	28%
\$500,000+	0%	32%	35%	38%

12. RESERVED FOR FUTURE USEISSUED:
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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**6. TA PURELY BUSINESS**

A. General Description: TA Purely Business is a service line consisting of switched outbound, switched inbound and card services. The services have flat rates, which are based on term and minimum usage commitments. TA Purely Business is intended for the small business segment billing a total of \$100 to \$2,500 in telecommunications services monthly. This service works well with both single locations and multiple location businesses.

(1). Option D: There is no minimum monthly usage commitment for customers receiving service under month-to-month plans. There is a minimum monthly usage commitment of \$35 for customers receiving service under term plans. If the customer's invoiced usage charges are less than the required minimum monthly usage commitment, the customer will be billed and required to pay a short fall charge equal to the difference between the monthly commitment and the actual amount billed. This short fall charge will be applied beginning with the customer's first full month's invoice.

(2). TA Enterprise: There is no minimum monthly usage commitment for customers receiving service under month-to-month plans. There is a minimum monthly usage commitment of \$25 for customers receiving service under term plans. If the customer's invoiced usage charges are less than the required minimum monthly usage commitment, the customer will be billed and required to pay a short fall charge equal to the difference between the monthly commitment and the actual amount billed. This short fall charge will be applied beginning with the customer's first full month's invoice.

B. Billing/Rounding: Intrastate rates are quoted in full minutes. Call rounding is thirty (30) second initial and one (1) second incremental. Call duration is calculated on a per call basis rounding up to the full increment. Call rating is on a bulk basis (all call duration totaled and then rated). Total is rounded to the nearest full cent.

(1). Global-Card Billing: The Global-Card is billed in initial thirty (30) seconds, then in six (6) second additional increments.

C. Time Periods:

8:00 AM – 4:59 PM Monday through Friday	Peak
All other times	Non-Peak

D. Terms and Agreements: TA Purely Business is available in month to month, twelve (12) and twenty-four (24) month term plans.

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)

6. **TA PURELY BUSINESS (Cont'd)**

E. Renewals: Upon expiration of the initial term and subsequent renewal term(s), the Customer's Agreement will automatically renew for a like period, unless either party notifies the other in writing of its intention not to renew 30 days before the end of the agreed term. The automatic renewal will be for the same length and at the current tariffed rates in effect at the time of such renewal associated with the term and volume of the original Agreement.

F. Early Termination Charges

(1). COMPANY will allow a customer to terminate its TA Purely Business Option D term Agreement prior to its expiration date provided the Customer is converting to another COMPANY product with equal or greater term and volume commitment levels.

(2). If a Customer terminates their service without cause prior to the expiration date of their term Agreement, the Customer will be billed and required to pay the minimum monthly usage charge for the remainder of the term Agreement.

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)6. **TA PURELY BUSINESS (Cont'd)**G. **Rates and Charges:**(1). **Monthly Recurring Charges**(a). **Outbound and Inbound Usage Rates:**

(i).

Option D		
	Monthly	Term
InterLATA	\$0.1860	\$0.1720
IntraLATA	\$0.1860	\$0.1720

(ii).

TA Enterprise		
	Monthly	Term
All time periods	\$0.1580	\$0.15

(b). **Global-Card Travel Card:**

Option D and TA Enterprise			
All time periods			\$0.30
Surcharge per call			\$0.00
Operator surcharge per call			\$2.25
Payphone Use Charge			\$0.30

(c). **Inbound 800 Numbers:**

Option D and TA Enterprise	
First toll free number	\$0.00
Each add'l toll free number (for up to a maximum of seven)	\$5.00

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**7. TA SIMPLE-ONE PROMISE**

A. General Description: TA Simple-One Promise is a voice and data service offering flat rated inbound, outbound, international, Global-Card, private line and frame relay products. TA Simple-One Promise is designed for new businesses with monthly revenue between \$200 and \$25,000. It is available on a month-to-month basis or a term contract (1 or 2 year). The terms have seven interstate commitment levels (\$200, \$750, \$2,500, \$4,000, \$7,000, \$12,000, and \$20,000). TA Simple-One Promise is available in two Options – Option 1 has no monthly fee and Option 2 has a monthly fee.

B. TA Simple-One Promise – FramePlus: FramePlus frame relay service is a public, fast-packet data network offering. Customers access Frame Plus at COMPANY's closest Points of Presence (POPs). Within the POP, COMPANY designs and installs Network Node connections on the FramePlus network. A Network Node is comprised of a Port Connection and Permanent Virtual Circuits (PVCs) that define the connections between customer's ports. COMPANY dynamically allocates capacity across these logically assigned PVCs, supporting multiple customer data networks. FramePlus supports a variety of simultaneous data applications over a single integrated facility. It is optimal for applications requiring transmission between multiple locations that need high speed connectivity with low latency or delay.

C. Billing and Rounding: Rates are quoted in full minutes. Call rounding is six (6) second initial and one (1) second incremental.

D. Key Features

Guaranteed Rates
Flat rate pricing
Switched and dedicated, outbound and inbound access
Data offerings including private line and frame relay
No surcharge, flat rated Global-Card

E. Minimums: There is a minimum monthly usage commitment per month ("Monthly Commitment"). The Customer's minimum monthly commitment will be based upon the Customer's monthly combined gross domestic and international usage and surcharges (not including taxes, any non-recurring, and monthly recurring or directory assistance charges). If, at the end of the fourth billing cycle, a customer has not met the minimum monthly commitment, the Customer must pay the difference between the actual eligible volume and its monthly volume commitment.

F. Availability: This service is only offered when customers sign up for TA Simple-One Promise at the interstate level.

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**7. TA SIMPLE-ONE PROMISE (Cont'd)****G. Rate Guarantees**

(1). Switched and Dedicated: In return for the Customer's volume and term commitment, COMPANY will provide TA Simple-One Promise switched and dedicated services for the duration of the customer's term at the tariffed rates in effect at the time the customer's agreement is executed by Customer. If the tariffed rates for switched and/or dedicated services used by Customer decrease during the customer's term, such rate decreases will be passed through to Customer. Customer's TA Simple-One Promise switched and dedicated services will not, during the initial Term, exceed the rates in effect at the time the agreement is executed by Customer.

(2). Private Line and Frame Relay: All subsequent dedicated leased lines and/or frame relay ports and permanent virtual circuits (PVCs) that are ordered and installed under an existing TA Simple-One Promise agreement will be rated at the rates which were in effect at the time the initial contract was executed. All circuits and/or frame relay ports are guaranteed for the length of the term contract. Month-to-month circuits and/or frame relay ports will be subject to rate increases as these increases are implemented. Locations and services can be added/deleted/changed throughout the term and still be covered under the original package.

H. Renewals: Upon expiration of the initial term and subsequent renewal term(s), the customer's agreement will automatically renew for a like period, unless either party notifies the other in writing of its intention not to renew 30 days before the end of the agreed term. The automatic renewal will be for the same contract length and the current tariff rates associated with the term and volume of the original contract.

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**7. TA SIMPLE-ONE PROMISE (Cont'd)**

I. Early Termination Charges: Either Customer or COMPANY may terminate an Agreement at the end of the initial Term by providing not less than thirty (30) days written notice. If no written notification is submitted to COMPANY's Billing Department not less than thirty (30) days prior to expiration of an Agreement and COMPANY has not given notice of termination to Customer, the Agreement shall automatically renew at the same Monthly Commitment level and Term and at the tariffed rates in effect at the time of such renewal.

If Customer commits to a one (1) year Term and terminates this Agreement prior to the expiration of the Term, Customer agrees to pay an early termination charge equal to one hundred percent (100%) of the Monthly Commitment times the number of months remaining in the unexpired Term of this Agreement. If Customer commits to a two (2) year Term and terminates this Agreement prior to the expiration of the Term, Customer agrees to pay an early termination charge equal to one hundred percent (100%) of the Monthly Commitment times the number of months remaining in the first year of the Term PLUS thirty-five percent (35%) of the Monthly Commitment for each month (i.e., 12) of the second year of the Term of this Agreement. If Customer commits to a two (2) year Term and terminates this Agreement after the first year of the Term but prior to the expiration of the second year, Customer agrees to pay an early termination charge equal to one hundred percent (100%) of the Monthly Commitment times the number of months remaining in the unexpired Term of this Agreement. The foregoing early termination charges shall not apply in instances where Customer terminates this Agreement by converting to a new TA Simple-One Promise commitment that is equal to or greater than its current term and Monthly Commitment.

If Customer disconnects any or all of its TA Simple-One Promise Service, Customer is responsible for contacting its local exchange carrier to cancel its dedicated circuits and to notify COMPANY in writing within thirty (30) days of such cancellation.

J. TA Simple-One Promise Domestic Global-Card: A flat rated card, with no surcharge, 1-800-860-4444 access number, voice prompting, speed dialing and customer defined BTN+4. Rates are quoted in full minutes. Call rounding is sixty (60) second initial and six (6) second incremental.

K. Time Periods:

8:00 AM – 4:59 PM Monday through Friday	Peak
All other times	Non-Peak

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)7. TA SIMPLE-ONE PROMISE (Cont'd)L. TA Simple-One Promise Rates:

Option 1				
	Switched		Dedicated	
	MTM	Term*	MTM	Term
InterLATA	\$0.242	\$0.225	\$0.143	\$0.128
IntraLATA	\$0.242	\$0.225	\$0.143	\$0.128
Option 2				
Monthly Subscription Fee				\$20.00
	Switched		Dedicated	
	MTM	Term*	MTM	Term
InterLATA	\$0.242	\$0.225	\$0.143	\$0.128
IntraLATA	\$0.242	\$0.225	\$0.143	\$0.128

M. TA Simple-One Promise Domestic Global-Card Rates:

All Time Periods

Flat Rate	\$0.25
Operator Surcharge per call	\$2.25
Payphone Use Charge	\$0.30

* Term (1 or 2 year contracts)

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**7. TA SIMPLE-ONE PROMISE (Cont'd)**

N. TA Simple-One Promise Data Services: See Section 3, paragraph 11 for details and definitions.

(1). TA Simple-One Promise Dedicated Service Rates:

	Fixed	Per Mile	COC MRC	COC NRC	Bridging
TA Basic Digital Service	\$225.00	\$0.29	\$50.00	\$150.00	\$17.00
Extended Digital Service 128	\$450.00	\$0.58	\$150.00	\$500.00	
Extended Digital Service 192	\$675.00	\$0.87	\$150.00	\$500.00	
Extended Digital Service 256	\$900.00	\$1.16	\$150.00	\$500.00	
Extended Digital Service 320	\$1,125.00	\$1.45	\$150.00	\$500.00	
Extended Digital Service 384	\$1,350.00	\$1.74	\$150.00	\$500.00	
Extended Digital Service 448	\$1,575.00	\$2.03	\$150.00	\$500.00	
Extended Digital Service 512	\$1,800.00	\$2.32	\$150.00	\$500.00	
Extended Digital Service 576+	\$1,900.00	\$2.30	\$150.00	\$500.00	
Touch America Direct (DS1)	\$1,900.00	\$2.30	\$150.00	\$500.00	
Touch America Direct (DS3)	\$16,000.00	\$42.00	\$500.00	\$2,700.00	

O. TA Simple-One Promise – FramePlus Rates:

Port Connection	Fixed Rate	Per DSO	Change	Install
Intrastate	\$100	\$55	\$250	N/A
Authority NMS (per network)	\$1,000	N/A	\$500	\$2,000
ARC	\$250	N/A	\$250	\$250

Permanent Virtual Circuits

	CIR per 8K Simplex	BIR per 8K Simplex
Intrastate	\$17.00	\$3.00

P. Discounts: Monthly Discounts (Applies to total fixed, DS0, CIR, and BIR)

Volume Level	1 Year	2 Year	Volume Level	1 Year	2 Year
\$200	2%	3%	\$7,000	7%	9%
\$750	3%	4%	\$12,000	8%	10%
\$2,500	4%	5%	\$20,000	10%	12%
\$4,000	6%	8%			

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**8. TA PROMISE**

A. Description: TA PROMISE is a voice and data service offering flat rates based on term and minimum usage commitments. TA PROMISE is designed for new businesses with a monthly revenue between \$100 to \$100,000. It is available on a month-to-month basis, one year, two year, or three year term commitment and the terms have thirteen (13) commitment levels.

B. Billing and Rounding: Rates are quoted in full minutes. Call rounding is six (6) second initial and one (1) second incremental.

C. Minimum Monthly Usage: There is a minimum monthly usage commitment per month (Monthly Commitment) for all Customers. COMPANY will count the Customer's total TA PROMISE service usage set forth in the Customer's term commitment; less taxes, monthly recurring charges, and non-recurring charges to determine whether a customer satisfies the Monthly Commitment requirement. If, during any month the Customer's invoiced usage charges are less than the required Monthly Commitment, the Customer will be billed and required to pay the difference between the Monthly Commitment and the actual amount billed. For Month-to-Month Customers, this requirement will be applied beginning with the Customer's first full month's invoice. For those Customers who sign a one, two, or three year term commitment, this requirement will be applied with their fourth full month's invoice.

E. Automatic Renewals: The Customer or COMPANY may terminate the term commitment at the end of the initial term by providing not less than thirty (30) days written notice. If written notification is not submitted to COMPANY at least thirty (30) days prior to the expiration of the term commitment, and COMPANY has not given notice of termination to the Customer, this term commitment shall automatically renew based on the same terms and conditions, at the same monthly commitment level and initial term, and at the tariffed rates in effect at the time of such renewal.

F. Term Commitments: TA PROMISE is available month-to-month and in 1-, 2-, and 3-year term contracts.

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**8. TA PROMISE (Cont'd)**

G. Early Termination Charges: Customers who terminate their term commitment prior to the expiration date and do not provide written notification to COMPANY, will be billed and required to pay termination charges equal to the number of months remaining in the term multiplied by the monthly commitment level.

Customers who terminate their term commitment prior to the expiration date and do provide written notification to COMPANY, will be responsible for the following charges, payable upon receipt:

(1). 1 Year Contract - Early termination charges for Customers who terminate service prior to the expiration of their one (1) year term are calculated by taking the months remaining on the contract and multiplying by the monthly commitment level.

(2). 2 Year Contract -

+ If the contract is in the first 12 months, the Customer will be responsible to COMPANY for:

The remaining number of months of the first 12 months multiplied by the commitment level plus 35% of months remaining in the second 12 months.

+ If the contract is in the 2nd 12 months, the Customer will be responsible to COMPANY for:

The remaining number of months multiplied by the monthly commitment level.

(3). 3 Year Contract

+ If the contract is in the first 12 months, the Customer will be responsible to COMPANY for:

The remaining number of months of the first 12 months multiplied by the commitment level plus 35% of months remaining in the second and third 12 months.

+ If the contract is in the second 12 months, the Customer will be responsible to COMPANY for:

The remaining number of months of the second 12 months multiplied by the monthly commitment level plus 35% of months remaining in the third 12 months.

+ If the contract is in the third 12 months, the Customer will be responsible to COMPANY for:

The remaining number of months multiplied by the monthly commitment level.

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**8. TA PROMISE (Cont'd)**

H. Guarantees: TA PROMISE Customers are eligible to receive the following guarantees:

(1). Rate Guarantee: COMPANY guarantees that if tariffed usage rates increase or tariffed discounts decrease beyond the tariff in effect at the time the Customer begins a term commitment, these usage rate increases or discount decreases will not be passed on to the Customer during the length of the Customer's term. This guarantee does not apply to rate modifications instituted by COMPANY in response to the actions of any regulatory agency, legislative body or court of competent jurisdiction.

(2). Customer Satisfaction Guarantee: See Section 2, paragraphs 38 for a detailed description of this guarantee.

(3). Toll Free Service Assurance Guarantee: See Section 2, paragraphs 37 for a detailed description of this guarantee.

(4). Performance Guarantees:

(a). The following three performance guarantees are only available to those Customers who commit to a monthly volume level of \$7,000 or greater:

1. Installation Guarantee - COMPANY guarantees that it will install the Customer's TA PROMISE service, switched and/or dedicated, including frame relay, by the date promised to the Customer, or the Customer is entitled to receive a \$500 credit (if commitment level is between \$7,000 and \$20,000) or a \$1,000 credit (if commitment level is between \$35,000 and \$100,000). This credit will be applied on the Customer's subsequent month's invoice.

2. Quarterly Account Review Guarantee - COMPANY guarantees that the assigned COMPANY account team will review all new TA PROMISE Customer's accounts on a quarterly basis for the entire length of the Customer's term commitment.

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)8. **TA PROMISE (Cont'd)**H. **Guarantees (Cont'd)**(4). **Performance Guarantees (Cont'd):**

3. Service Outage Resolution Guarantee - COMPANY guarantees that it will restore any service outages the Customer may incur on their end-to-end TA PROMISE service within four (4) hours or less or the Customer is entitled to receive a \$500 credit (if commitment level is between \$7,000 and \$20,000) or a \$1,000 credit (if commitment level is between \$35,000 and \$100,000). This credit will be applied on the Customer's subsequent month's invoice. The Service Outage Resolution Guarantee shall not apply for the following reasons:

(i). Interruptions caused by the negligence of the Customer or others authorized by the customer to use the customer's service.

(ii). Interruptions due to failure of power, equipment, service, or systems not provided by COMPANY.

(iii). Interruptions during any period in which COMPANY or its agents are not afforded access to the premises where the access line is terminated.

(iv). During any period when the Customer elects not to release the service(s) for testing and/or repair and continues to use it on an impaired basis.

(v). Interruptions not immediately/promptly reported to COMPANY.

(vi). Interruptions during any period when the Customer or user has released service to COMPANY for maintenance or rearrangement purpose, or for the installation of a Customer service order.

(vii). *Force majeure* events beyond the reasonable control of COMPANY including, but not limited to, acts of God, government regulation, national emergency, failure of power, system failure, or service not supplied by COMPANY or the access provider.

(viii). Labor strikes.

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**8. TA PROMISE (Cont'd)****H. Guarantees (Cont'd)****(4). Performance Guarantees (Cont'd):**

(b). The following three performance guarantees are available to all Customers regardless of monthly volume commitment levels:

1. Network/Service Availability Guarantee: COMPANY guarantees for all TA Basic Digital Service, Extended Digital Service, Touch America Direct (DS1), and Touch America Direct (DS3) circuits that it will provide an average of 99.9% Customer network availability and 99.85% end-to-end availability (when access is ordered by COMPANY on behalf of the Customer) per month for all TA PROMISE Customers or the Customer is entitled to receive a credit equal to 10% of the Customer's network port and PVC/CIR monthly recurring charges for that month. This credit will be applied on the Customer's subsequent month's invoice and shall be in lieu of any service interruption or outage credit(s) that Customer might have been entitled to receive as set forth in this tariff. This credit is applicable on a per account basis per month and is based on the average availability across all of Customer's circuits throughout the given month. This guarantee shall not apply to COMPANY Access Service or COMPANY Private Line Service.

Network availability is measured as the total number of minutes in a calendar month during which private line circuits are available to exchange data between two network end points, divided by the total number of minutes in a calendar month. For the purposes of this guarantee, a lapse in network availability is calculated commencing with the date on which the Customer informs COMPANY of service non-availability and ends on the date of service restoration. For purposes of this measurement, the private line circuit will be measured from Point of Presence to Point of Presence and will not include customer premise equipment or local access facilities.

No credit allowances will be made for:

- (i). Circuits provisioned within the last 30 days.
- (ii). Interruptions caused by the negligence of the Customer or others authorized by the customer to use the customer's service.
- (iii). Interruptions due to failure of power, equipment, service, or systems not provided by COMPANY.
- (iv). Interruptions during any period in which COMPANY or its agents are not afforded access to the premises where the access lines associated with the Customer's service are terminated.

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)

8. TA PROMISE (Cont'd)

H. Guarantees (Cont'd)

(4). Performance Guarantees (Cont'd):

(v). Interruptions during any period when the Customer or user has released service to COMPANY for maintenance or rearrangement purpose, or for the installation of a Customer service order.

(vi). Interruptions during any period when the Customer elects not to release the service(s) for testing and/or repair and continues to use it on an impaired basis.

(vii). *Force majeure* events beyond the reasonable control of COMPANY including, but not limited to, acts of God, government regulation, national emergency, failure of power, system failure, or service not supplied by COMPANY or the access provider.

(viii). Labor Strikes.

End-to-end availability is measured as the total number of minutes in a calendar month during which private line circuits are available to exchange data between two network end points, divided by the total number of minutes in a calendar month. For the purposes of this guarantee, a lapse in network availability is calculated commencing with the date on which the Customer informs COMPANY of service non-availability and ends on the date of service restoration. For purposes of this measure, the private line circuit will be measured from demarcation point to demarcation point, and will not include customer premise equipment.

Calculation: Monthly Network Availability Time (%) - $1 - \left[\frac{\text{Total minutes of network non-availability per month}}{\text{Total number of private line circuits} \times \text{days in month} \times 24 \text{ hours} \times 60 \text{ minutes}} \right]$.

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)8. **TA PROMISE (Cont'd)**H. **Guarantees (Cont'd)**(4). **Performance Guarantees (Cont'd):**

2. Frame Delivery: COMPANY guarantees to achieve a Frame Delivery rate of 99.9% for CIR frames (end-to-end CIR packet delivery only applies to frame slot marked discard eligible). COMPANY guarantees to achieve a Frame Delivery rate of 99% for non-CIR frames. If COMPANY does not meet this guarantee, the Customer is entitled to a credit equal to 10% of the Customer's network port and PVC/CIR monthly recurring charges for that month.

Definition: Frame Delivery is the percentage of frames which are successfully delivered over the COMPANY network, excluding frames which are not delivered due in whole or in part to factors unrelated to the COMPANY network.

Calculation: Frame Delivery (Throughput) is measured as the percentage of frames presented to the COMPANY network by the Customer versus those which are successfully delivered by the COMPANY network. The percentage is based on Frame Delivery (Throughput) across the Customer's entire network, not on an individual location or PVC basis.

Exclusions: Frame Delivery (Throughput) measurements shall not include periods of non-availability resulting in whole or in part from one or more of the following causes:

(i). Any act or omission causing interruptions by negligence on the part of the customer, its contractors, any local access provider, or any other entity over which the customer exercises control or has the right to exercise control.

(ii). Interruptions during any period in which COMPANY or its agents are not afforded access to the premises where the access lines associated with the Customer's service are terminated.

(iii). Interruptions during any period when the Customer elects not to release the service(s) for testing and/or repair and continues to use it on an impaired basis.

(iv). Any circuits provisioned within the last 30 days.

(v). Scheduled maintenance interruptions and outages.

(vi). Labor strikes.

(vii). *Force majeure* events beyond the reasonable control of COMPANY including, but not limited to, acts of God, government regulation, national emergency, failure of power, system failure, or service not supplied by COMPANY or the access provider.

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**8. TA PROMISE (Cont'd)****H. Guarantees (Cont'd)****(4). Performance Guarantees (Cont'd):**

(viii). Frames dropped at infrastructure egress due to improper customer specifications of customer port speeds.

(ix). Interruptions due to failure of power, equipment, service, or systems not provided by COMPANY.

3. Network Transit Delay: COMPANY guarantees to achieve a one-way Network Transit Delay within the State for 100 byte frames at 35 milliseconds or less, 500 byte frames at 95 milliseconds or less, and 1,600 byte frames at 250 milliseconds or less (including protocol overhead). Network Transit Delay (Latency) measures only delay on the COMPANY network, external factors which may cause delay (e.g., access serialization, access link congestion) are excluded from the measurement. If COMPANY does not meet this guarantee, the Customer is entitled to a credit equal to 10% of the Customer's network port and PVC/CIR monthly recurring charges for that month.

Definition: Network Transit Delay (Latency) measures one-way delay between the origination and destination infrastructure ports. It is defined as the period of time commencing with transmission of the last bit of a packet from the origination infrastructure.

Exclusions: Network Transit Delay (Latency) measurements shall not include periods of non-availability resulting in whole or in part from one or more of the following causes:

(i). Any act or omission causing interruptions by negligence on the part of the customer, its contractors, any local access provider, or any other entity over which the customer exercises control or has the right to exercise control.

(ii). Interruptions during any period in which COMPANY or its agents are not afforded access to the premises where the access lines associated with the Customer's service are terminated.

(iii). Interruptions during any period when the Customer elects not to release the service(s) for testing and/or repair and continues to use it on an impaired basis.

(iv). Any circuits provisioned within the last 30 days.

(v). Scheduled maintenance interruptions and outages.

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)

8. TA PROMISE (Cont'd)

H. Guarantees (Cont'd)

(4). Performance Guarantees (Cont'd):

(vi). Labor strikes.

(vii). *Force majeure* events beyond the reasonable control of COMPANY including, but not limited to, acts of God, government regulation, national emergency, failure of power, system failure, or service not supplied by COMPANY or the access provider.

(viii). During periods in which a major network component (e.g., backbone link or gateway switch) is not functioning and the network is in an emergency reroute configuration.

(ix). Interruptions due to failure of power, equipment, service, or systems not provided by COMPANY.

Credit Limitation: If the Customer experiences network or service performance for COMPANY FramePlus Frame Relay at levels below those stated herein for two or more elements (Network Availability, Frame Delivery, and Network Transit Delay) in the same month, the Customer is entitled to receive credits pursuant to one of the applicable credit sections only. In addition, COMPANY will not issue credits pursuant to the Service Level Guarantee for more than six months in any twelve month period.

Availability: Tariffed COMPANY FramePlus Frame Relay service elements may not be available at or between all service points.

I. Plus Program: If a term Customer's usage charges meet or exceed any other higher monthly commitment level, the Customer will be credited the difference between the rates at the level/term it committed to and the rates it would have received if it had committed to the next immediate commitment level with the same term length. The credit will be applied in the actual month in which the usage occurred. Month-to-Month Customers are not eligible for the Plus Program.

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**8. TA PROMISE (Cont'd)****J. Products/Services and Rates:****(1). Switched Long Distance –**

- (a). Group 1 - Commitment Levels of \$100, 250, \$500, and \$1,000**

MTM	1 Year	2 Year	3 Year
\$0.165	\$0.142	\$0.141	\$0.139

- (b). Group 2 - Commitment Levels of \$2,000, \$4,000, \$7,000, and \$12,000**

MTM	1 Year	2 Year	3 Year
\$0.148	\$0.140	\$0.139	\$0.137

- (c). Group 3 - Commitment Levels of \$20,000, \$35,000, \$50,000, \$75,000, and \$100,000**

MTM	1 Year	2 Year	3 Year
\$0.148	\$0.137	\$0.136	\$0.135

(2). Dedicated Long Distance -

- (a). Group 1 - Commitment Levels of \$100, 250, \$500, and \$1,000**

MTM	1 Year	2 Year	3 Year
\$0.110	\$0.096	\$0.093	\$0.091

- (b). Group 2 - Commitment Levels of \$2,000, \$4,000, \$7,000, and \$12,000**

MTM	1 Year	2 Year	3 Year
\$0.110	\$0.093	\$0.091	\$0.089

- (c). Group 3 - Commitment Levels of \$20,000, \$35,000, \$50,000, \$75,000, and \$100,000**

MTM	1 Year	2 Year	3 Year
\$0.110	\$0.091	\$0.089	\$0.087

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**8. TA PROMISE (Cont'd)****J. Products/Services and Rates:**

(3). TA PROMISE Global-Card: TA PROMISE Global-Card is a flat, per minute rated calling card service, with a per call surcharge. Rates are quoted in full minutes. Call rounding is six (6) second initial and six (6) second increments.

Rate:	\$0.17
Per Call Surcharge	\$0.65
Per Call Operator Surcharge	\$2.25

(4). TA PROMISE Enhanced Toll Free Features: TA PROMISE offers Enhanced Toll Free Features for all TA PROMISE Customers. If the Customer signs a term commitment, the Customer is eligible to receive selected features at a packaged rate or the Customer can subscribe to features individually. See Section 3, paragraph 2 for details.

(a). Basic Features - Standard: Available to month-to-month and term customers:

Feature	Monthly Charge	Non Recurring And Change Charge
Extended Call Coverage	\$0.00	\$0.00
Two-way DALs	\$0.00	\$0.00
International Toll Free Service	\$0.00	\$0.00
Industry Toll Free Directory Assistance (per 800 number)	\$25.00	\$25.00
Industry Toll Free Directory Assistance Expedite (per toll Free number)	\$0.00	\$35.00
Project Accounting Codes (per blocks of 100/both Verified and non-verified, switched and dedicated)	\$15.00	\$15.00
Tailored Call Coverage (per 800 number)	\$0.00	\$50.00
Day of Year (Holiday) Routing (per 800 number)	\$0.00	\$50.00
Time of Day Routing (per 800 number)	\$50.00	\$50.00
Day of Week Routing (per 800 number)	\$50.00	\$50.00
Percent Allocation Routing (per 800 number)	\$50.00	\$50.00
Alternate Call Routing (per 800 number)	\$50.00	\$50.00
Geo Routing (per 800 number) (\$0.0005 per MOU)	\$50.00	\$50.00
Direct Termination Overflow (per trunk group)	\$50.00	\$50.00
Real Time ANI (per trunk group)	\$0.00	\$350.00
DNIS (per trunk group)	\$0.00	\$350.00
Menu Routing – Per Call Surcharge	\$0.05/call	
Quota Call Allocation	\$50.00	\$50.00

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)8. **TA PROMISE (Cont'd)**J. **Products/Services and Rates:**(4). **TA PROMISE - Enhanced Toll Free Features:**

(b). Toll Free Feature Package - Available to term customers only:

Package includes the following features:

Time of Day Routing
Day of Week Routing
Day of Year (Holiday) Routing
Percentage Allocation Routing
Industry Toll Free Directory Assistance

(c). Package Rates (for all features listed above)

Monthly Charge	\$100.00
Non-Recurring Charge	\$140.00

The first toll free number is free, each additional toll free number is \$5.00 per month, per toll free number.

(5). **TA PROMISE – FramePlus:** FramePlus frame relay service is a public, fast-packet data network offering. Customers access FramePlus at COMPANY's closest Points of Presence (POPs). Within the POP, COMPANY designs and installs Network Node connections on the FramePlus network. A Network Node is comprised of a Port Connection and Permanent Virtual Circuits (PVCs) that define the connections between customer's ports. COMPANY dynamically allocates capacity across these logically assigned PVCs, supporting multiple customer data networks.

FramePlus supports a variety of simultaneous data applications over a single integrated facility. It is optimal for applications requiring transmission between multiple locations that need high speed connectivity with low latency or delay.

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)8. TA PROMISE (Cont'd)J. Products/Services and Rates:(5). TA PROMISE - FramePlus Rates:

Port Increment In Kbps	Monthly Charge	Install Charge	Change Charge
64	190	150	150
128	355	250	250
192	395	250	250
256	420	250	250
320	580	250	250
384	625	250	250
448	720	250	250
512	790	250	250
576	890	250	250
640	940	250	250
704	970	250	250
768	990	250	250
832	1111	250	250
896	1118	250	250
960	1220	250	250
1020	1265	250	250
1088	1330	250	250
1152	1370	250	250
1216	1410	250	250
1280	1450	250	250
1344	1500	250	250
1408	1530	250	250
1472	1560	250	250
1536	1595	250	250

Port Connection	Fixed Rate	Per DSO	Change	Install
Intrastate	\$100	\$55	\$250	N/A
Authority NMS (per network)	\$1,000	N/A	\$500	\$2,000
ARC	\$250	N/A	\$250	\$250

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)8. **TA PROMISE (Cont'd)**J. **Products/Services and Rates:**(5). **TA PROMISE - FramePlus Rates (Cont'd):**

Permanent Virtual Circuits

CIR per 8K Simplex Fees	Install Fees
\$6.00	\$25.00

	Monthly Recurring	Install Fees	Change Fees
Automatic Reconfiguration*	\$250	\$250	\$250
Authority	\$1,000	\$2,000	\$500

* Per disaster recovery site.

(6). **TA PROMISE - COMPANY Dedicated Access Data Services:** See Section 3, paragraph 11 for details and definitions.

	Fixed	Per Mile	COC MRC Per End	COC NRC Per End	Bridging
TA Basic Digital Service	\$207.00	\$0.29	\$50.00	\$220.00	\$17.00
Extended Digital Service 128	\$414.00	\$0.58	\$150.00	\$500.00	
Extended Digital Service 192	\$621.00	\$0.87	\$150.00	\$500.00	
Extended Digital Service 256	\$828.00	\$1.16	\$150.00	\$500.00	
Extended Digital Service 320	\$1,035.00	\$1.45	\$150.00	\$500.00	
Extended Digital Service 384	\$1,242.00	\$1.74	\$150.00	\$500.00	
Extended Digital Service 448	\$1,449.00	\$2.03	\$150.00	\$500.00	
Extended Digital Service 512+	\$1,550.00	\$2.30	\$150.00	\$500.00	
Touch America Direct (DS1)	\$1,550.00	\$2.30	\$150.00	\$500.00	
Touch America Direct (DS3)	\$16,000.00	\$42.00	\$500.00	\$2,700.00	

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)8. **TA PROMISE (Cont'd)**J. **Products/Services and Rates:**(7). **TA PROMISE - Audio Teleconferencing Rates:**(a). **Month-to-Month Rates:**

	Standard	Automated
Meet Me	\$0.250	\$0.190
800 Meet Me	\$0.400	\$0.280
Operator Assisted	\$0.400	N/A

(b). **1, 2, and 3 Year Term Rates**(i). **Group 1 - Commitment Levels of \$100, \$250, \$500, and \$1,000**

	Standard	Automated
Meet Me	\$0.238	\$0.181
800 Meet Me	\$0.380	\$0.266
Operator Assisted	\$0.380	N/A

(ii). **Group 2 - Commitment Levels of \$2,000, \$4,000, \$7,000, and \$12,000**

	Standard	Automated
Meet Me	\$0.213	\$0.162
800 Meet Me	\$0.340	\$0.238
Operator Assisted	\$0.340	N/A

(iii). **Group 3 - Commitment Levels of \$20,000, \$35,000, \$50,000, \$75,000 and \$100,000**

	Standard	Automated
Meet Me	\$0.200	\$0.152
800 Meet Me	\$0.320	\$0.224
Operator Assisted	\$0.320	N/A

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**8. TA PROMISE (Cont'd)****J. Products/Services and Rates:**

(8). TA PROMISE - TA Multi-Fax: Multi-Fax is a business facsimile service that enables customers to simultaneously fax documents to multiple recipients any time of day or night without tying up phone lines, computers or people.

(a). Month-to-Month Rate \$0.250

(b). 1, 2, and 3 Year Term Rates:

Group 1 (\$100, 250, 500, and \$1,000)	\$0.238
Group 2 (\$2,000, \$4,000, \$7,000 and \$12,000)	\$0.213
Group 3 (\$20,000, \$35,000, \$50,000 \$75,000, and \$100,000)	\$0.200

K. Discounts:

(1). These discounts will be applied to TA PROMISE - Dedicated Services and TA PROMISE - FramePlus only:

Volume Level	1 Year	2 Year	3 Year
\$100	10%	12%	14%
\$250	11%	13%	15%
\$500	12%	14%	16%
\$1,000	13%	15%	17%
\$2,000	14%	16%	18%
\$4,000	16%	18%	20%
\$7,000	17%	19%	21%
\$12,000	18%	20%	22%
\$20,000	20%	22%	24%
\$35,000	21%	23%	25%
\$50,000	22%	24%	26%
\$75,000	23%	25%	27%
\$100,000	24%	26%	28%

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**8. TA PROMISE (Cont'd)**

L. American Trucker's Association ("ATA") Program: COMPANY will offer the following program to nationwide associations that:

- Promote COMPANY services on an exclusive basis to their current and prospective membership;
- Actively market COMPANY services to their entire current and prospective membership; and,
- Generate total usage of at least \$500,000 per month from all enrolled members by the 24th month of the program.

Members of Associations enrolled in this Program and who execute the appropriate enrollment form will receive the TA PROMISE rates set forth in this Tariff for switched, dedicated and Global-Card services and the rates set forth in this Tariff for all other services. The rates will apply in accordance with the Customer's term commitment and associated Monthly Commitment level. If a Customer's actual monthly usage of TA PROMISE services falls below its Monthly Commitment, the Customer will be charged the rates based on its actual usage level. Customers will not be billed and required to pay underutilization charges if their monthly usage falls below their original Monthly Commitment. If a Customer ceases to be an Association Member enrolled in this Program, the Customer will no longer receive the rates associated with this Program and will be converted to standard TA PROMISE rates in accordance with the terms of this tariff. COMPANY reserves the right to terminate from this Program, on twelve (12) months written notice, any Association that fails to comply with all of the qualifications as described above.

(1). Switched - Outbound and Inbound Per Minute Rates:**(a). Group 1 - Commitment levels of \$100, \$500, and \$1,000**

One Year	Two Year	Three Year
\$0.143	\$0.140	\$0.137

(b). Group 2 - Commitment levels of \$2,000, \$4,000, \$7,000, and \$12,000

One Year	Two Year	Three Year
\$0.139	\$0.136	\$0.133

(c). Group 3 - Commitment levels of \$20,000, \$35,000, \$50,000+

One Year	Two Year	Three Year
\$0.136	\$0.133	\$0.130

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)8. TA PROMISE (Cont'd)L. American Trucker's Association Program (Cont'd)(2). Dedicated - Outbound and Inbound Per Minute Rates:

(a). Group 1 - Commitment levels of \$1,000 and \$1,500

One Year	Two Year	Three Year
\$0.110	\$0.107	\$0.105

(b). Group 2 - Commitment levels of \$2,000, \$4,000, \$7,000, and \$12,000

One Year	Two Year	Three Year
\$0.105	\$0.103	\$0.101

(c). Group 3 - Commitment levels of \$20,000, \$35,000, \$50,000+

One Year	Two Year	Three Year
\$0.101	\$0.099	\$0.097

(3). TA PROMISE - Global-Card:

Per Minute Rate \$0.170

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)8. **TA PROMISE (Cont'd)**L. **American Trucker's Association Program (Cont'd)**

(4). **Discounts:** These discounts will be applied to TA PROMISE - Dedicated Services and TA PROMISE - FramePlus only:

Volume Level	1 Year	2 Year	3 Year
\$0 – \$99	0%	0%	0%
\$100 – \$499	10%	12%	14%
\$500 – \$999	11%	13%	15%
\$1,000 – \$1,499	12%	14%	16%
\$1,500 – \$1,999	13%	15%	17%
\$2,000 – \$3,999	14%	16%	18%
\$4,000 – \$6,999	16%	18%	20%
\$7,000 – \$11,999	17%	19%	21%
\$12,000 – \$19,999	18%	20%	22%
\$20,000 – \$34,999	20%	22%	24%
\$35,000 – \$49,999	21%	23%	25%
\$50,000 – Plus	22%	24%	26%

(5). **Payphone Use Charge** \$0.30

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**9. TOUCH AMERICA ONE**

A. General Description: TOUCH AMERICA ONE is a package of inbound and outbound toll and calling card services in the contiguous United States. The plan is designed for small, switched business customers that generate less than \$150 in telecommunication costs per month. Touch America One service requires a minimum of \$20 dollars in monthly usage. If the customer bills less than \$20 per month, they will be billed for the difference between the \$20 minimum monthly requirement and the amount actually billed.

The first 800 number is free, each additional 800 number is five dollars (\$5.00) per month, per number. This service limits customers to a total of three (3) 800 numbers.

B. Billing: Intrastate rates are quoted in full minutes. Call rounding is thirty (30) second initial and one (1) second incremental. Call duration is calculated on a per call basis rounding up to the full increment. Call rating is on a bulk basis (all call duration totaled and then rated). Total is rounded to the nearest full cent.

(1). Global-Card Billing: The Global-Card is billed in initial thirty (30) seconds, then in six (6) second additional increments.

C. Optional Features: Account Codes (outbound and inbound) and Directory Assistance.

D. Time Periods: All day, every day

E. Rates:

(1). Inbound\Outbound (Contiguous 48 states): Flat rate: \$0.25

There is a \$20 monthly minimum required.

(2). Calling Card – (Global-Card):

Global-Card - Touch America One

Per Minute All Times	\$0.25
Surcharge Per Call	\$0.35
Operator Surcharge Per Call	\$2.25

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**9. TOUCH AMERICA ONE (Cont'd)****E. Rates (Cont'd)**(3). Enhanced 800/888/877 Features: See Section 3, paragraph 2 for details.

Feature	Monthly Charge	Non Recurring And Change Charge
Extended Call Coverage	\$0.00	\$0.00
Two-way DALs	\$0.00	\$0.00
Industry Toll Free Directory Assistance (per 800 number)	\$25.00	\$25.00
Industry Toll Free Directory Assistance Expedite (per toll Free number)	\$0.00	\$35.00
Project Accounting Codes (per blocks of 100/both Verified and non-verified, switched and dedicated)	\$15.00	\$15.00
Tailored Call Coverage (per 800 number)	\$0.00	\$50.00
Day of Year (Holiday) Routing (per 800 number)	\$0.00	\$50.00
Time of Day Routing (per 800 number)	\$50.00	\$50.00
Day of Week Routing (per 800 number)	\$50.00	\$50.00
Percent Allocation Routing (per 800 number)	\$50.00	\$50.00
Alternate Call Routing (per 800 number)	\$50.00	\$50.00
Geo Routing (per 800 number) (\$0.0005 per MOU)	\$50.00	\$50.00
Direct Termination Overflow (per trunk group)	\$50.00	\$50.00
Real Time ANI (per trunk group)	\$0.00	\$350.00
DNIS (per trunk group)	\$0.00	\$350.00
Menu Routing – Per Call Surcharge	\$0.05/call	
Quota Call Allocation	\$50.00	\$50.00

(4). Payphone Use Charge: \$0.30

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**10. TOUCH AMERICA CHOICE**

A. General Description: Touch America Choice is a package of inbound and outbound toll and calling card services designed for small business customers billing between \$50 and \$500 a month in switched long distance service. Customers must subscribe to a one, two or three year term commitment. Touch America Choice Customers will be billed a monthly recurring charge per Service Location, as defined herein. If, during any month the Customer's invoiced usage charges are less than the monthly fee, the Customer will be billed and required to pay the difference between the monthly fee and the actual amount billed.

B. Billing/Rounding: Initial thirty (30) second minimum and additional one (1) second increments thereafter for all domestic Touch America Choice calls. Call duration is calculated on a per call basis rounding up to the full increment. Call rating is on a bulk basis (all call duration totaled and then rated). Total is rounded to the nearest full cent.

C. Directory Assistance: Directory Assistance is available for all Touch America Choice Customers.

D. Renewals: The Customer or COMPANY may terminate the term commitment at the end of the initial term by providing not less than thirty (30) days written notice. If written notification is not submitted to COMPANY at least thirty (30) days prior to the expiration of the term commitment, and COMPANY has not given notice of termination to the Customer, this term commitment shall automatically renew based on the same terms and conditions and at the tariffed rates in effect at the time of such renewal.

E. Early Termination Charges

(1). COMPANY will allow a Customer to terminate its Touch America Choice term agreement prior to its expiration date provided the Customer is converting to another COMPANY product with equal or greater term and volume commitment levels.

(2). Customers who terminate their term commitment prior to the expiration date and provide written notification to COMPANY, will be billed and required to pay on their next full month's invoice a single charge calculated by taking the monthly fee multiplied by the number of service locations multiplied by the number of months remaining in the term contract.

(3). Customers who terminate their term commitment prior to the expiration date and do not provide written notification to COMPANY, will be billed and required to pay each month for the remainder of the contract a charge calculated by taking the monthly fee multiplied by the number of service locations.

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**10. TOUCH AMERICA CHOICE (Cont'd)**

F. Guarantees: Touch America Choice Customers are eligible to receive the following guarantees:

Toll Free Service Assurance Guarantee - See Section 2, paragraph 37.

Customer Satisfaction Guarantee - See Section 2, paragraph 38.

G. Touch America Choice – Global-Card: Touch America Choice Global-Card is a flat, per minute rated calling card service, with a per call surcharge. Rates are quoted in full minutes. Call rounding is initial thirty (30) second increments and additional six (6) second increments

H. Enhanced Toll Free Features: Touch America Choice offers Enhanced Toll Free Features for all Customers. See Section 3, paragraph 2 for details and definitions.

I. Availability: Touch America Choice is available on a full-time basis, twenty-four (24) hours a day, seven (7) days a week. All Customers must have at least two (2) business lines subscribed to Touch America Choice.

J. Touch America Choice Rates and Charges:

(1). Per Minute Rates

<u>Term Commitment</u>	<u>All Time Periods</u>
One Year	\$0.156
Two Year	\$0.153
Three Year	\$0.150

(2). Monthly Recurring Charge

Per Service Location: \$4.95

K. Touch America Choice - Global-Card Plus Calling Card Rates and Charges:

All Time Periods	\$0.30
Surcharge	\$0.00
Operator Surcharge, per call	\$2.25

L. Payphone Use Charge: \$0.30

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**10. TOUCH AMERICA CHOICE (Cont'd)**M. Enhanced Toll Free Features Charges: See Section 3, paragraph 2 for details.

Feature	Monthly Charge	Non-Recurring Charge	Change Charge
Industry Toll Free Directory Assistance (per toll free number)	\$25.00	\$25.00	\$25.00
Industry Toll Free Directory Assistance Expedite (per toll free number)	\$0.00	\$35.00	\$0.00
Outbound Project Accounting Codes – Verified	\$0.00	\$10.00	\$10.00
Outbound Project Accounting Codes - Non-Verified	\$0.00	\$5.00	\$5.00
Inbound Project Accounting Codes – Verified (per block of 100 numbers)	\$50.00	\$75.00	\$75.00
Inbound Project Accounting Codes - Non-Verified (per toll free number)	\$50.00	\$25.00	\$25.00
Alpha (Name) Project Accounting Codes (per toll free number)	\$50.00	\$35.00	\$35.00
Tailored Call Coverage (per toll free number)	\$0.00	\$25.00	\$25.00
Day of Year (Holiday) Routing (per toll free number)	\$75.00	\$50.00	\$0.00
Time of Day Routing (per toll free number)	\$75.00	\$50.00	\$0.00
Day of Week Routing (per toll free number)	\$75.00	\$50.00	\$0.00
Percent Allocation Routing (per toll free number)	\$75.00	\$50.00	\$0.00
Geo Routing (per toll free number)	\$75.00	\$50.00	\$0.00
Menu Routing (per toll free number)	\$0.00	\$50.00	\$25.00
Menu Routing (per call surcharge)	\$0.05/call		
TA Logic (Floppy Disk)	\$50.00	\$50.00	\$35.00
TA Logic (CD-ROM)	\$55.00	\$55.00	\$35.00
Account Codes Setup/Change	N/A	\$75.00	N/A

The first two (2) toll free numbers will incur a \$4.95 per number monthly charge. The third toll free number will be free. Each additional toll free number; four (4) up to a maximum of seven (7), will also incur a \$4.95 per number monthly charge.

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**11. DEDICATED LEASED LINE SERVICE RATES**

A. General Description: Dedicated Leased Line Service is offered to specific customers for the purpose of Intercity communications facilities that are billed at pre-determined fixed monthly rates. The customer is responsible for charges associated with local exchange carrier or alternative access provider provided special access.

B. Dedicated Leased Line service is available in the following options:

(1). Voice Grade Service: is an analog point to point dedicated circuit used for simultaneous two-way transmission and is available in increments of one or more voice grade channels, each with a nominal bandwidth of 4khz. Voice Grade Channels may be used for voice, data, facsimile, or any combination thereof.

(a). Nonrecurring charge: \$150/voice grade channel.

(b). Monthly Charges: Monthly charges are assessed per voice grade channel based on channel mileage. A minimum monthly charge of \$100 per channel will apply.

Miles	Fixed	Per Mile
0-100	\$90.00	\$1.36
101+	\$198.57	\$0.37

(c). Local Access Charges: Any and all charges associated with Local Access will be charged to the customer by the providing carrier at their prevailing rates.

(d). \$50.00 per loop side for a port activation fee.

(2). Digital Data Service: is a digital point to point dedicated circuit used for simultaneous two-way transmission and is available in increments of one or more channels.

(a). Nonrecurring charge: \$150/voice grade channel.

(b). Monthly Charges: are assessed per channel based on channel mileage. A minimum monthly charge of \$100 per channel will apply.

Miles	Fixed	Per Mile
0-100	\$126.00	\$1.90
101+	\$278.00	\$0.50

(c). Local Access Charges: Any and all charges associated with Local Access will be charged to the customer by the providing carrier at their prevailing rates.

(d). \$50 per loop side for port activation fee.

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**11. DEDICATED LEASED LINE SERVICE RATES (Cont'd)**

(3). **56 Kbps Digital Private Line Service:** 56 Kbps Digital Service is a digital point to point dedicated circuit used for simultaneous two-way transmission and is available in increments of one or more channels. Service will accommodate voice and data communications at speeds of up to 56 Kbps.

(a). Nonrecurring charge: \$150/channel

(b). Monthly Charges: are assessed per channel based on channel mileage. A minimum monthly charge of \$100 per channel will apply.

Miles	Fixed	Per Mile
0-100	\$90.00	\$1.36
101+	\$198.57	\$0.37

(c). Local Access Charges: Any and all charges associated with Local Access will be charged to the customer by the providing carrier at their prevailing rates.

(d). \$50 per loop side for port activation fee.

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)

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SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**18. MILLENNIUM I**

A. Service Description: Millennium I is a switched 1+ outbound package of long distance services available to residential customers. The Millennium I package includes the following services: 1+ outbound, toll-free inbound 800/888/877, and calling card services and comes in the following three options:

- (1). Option 1 – No Monthly Service Charge Applies
- (2). Option 2 – A \$2.50 Monthly Service Charge Applies
- (3). Option 3 – A \$4.95 Monthly Service Charge Applies

B. Time Periods and Billing: All Millennium I Option plans are billed in full minute increments and the rates are available 24 hours a day, 7 days a week.

C. Services, Rates and Charges:

Millennium I Options	Service	Rate	Monthly Service Charge
Option 1	1+ Outbound	\$0.09	None
	Toll-Free Inbound	\$0.14	
	Calling Card	\$0.20	
Option 2	1+ Outbound	\$0.08	\$2.50
	Toll-Free Inbound	\$0.12	
	Calling Card	\$0.18	
Option 3	1+ Outbound	\$0.07	\$4.95
	Toll-Free Inbound	\$0.10	
	Calling Card	\$0.16	

D. Payphone Use Charge applies to Calling Card and Toll-Free Inbound calls originating from payphones:

Payphone Use Charge: \$0.30 per call

E. Directory Assistance: The following interstate and intrastate charges apply to Directory Assistance calls placed by Millennium I subscribers:

Directory Assistance	
Interstate	\$0.60 per minute or fraction
Intrastate	\$0.37 per minute or fraction

ISSUED:
Issued by:

EFFECTIVE:

Michael J. Meldahl, President
TOUCH AMERICA, INC.
130 N. Main Street
Butte, Montana 59701
(406) 496-5100

SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**19. MILLENNIUM II**

A. Service Description: Millennium II is a switched 1+ outbound package of long distance services available to business/commercial customers. The Millennium II package includes the following services: 1+ outbound, toll-free inbound 800/888/877, and calling card services. Where specified, volume usage discounts apply to the base rate for customers committed to meeting certain monthly usage requirements.

B. Base Rate Discounts available:

Monthly Usage		Volume Discount
\$0.00 -	\$499.99	5%
\$500.00 -	\$999.99	10%
\$1,000.00 -	\$1,999.99	15%
\$2,000.00 -	\$4,999.99	20%
\$5,000.00 -	\$9,999.99	25%
\$10,000.00 -	+	30%

C. Switched 1+ Outbound Long Distance:

- (1). Time Periods: All day, every day
- (2). Billing Increments: Calls billed in 6-second periods
- (3). Rates: Base Rate - \$0.008075 per Period
- (4). Usage Discounts Apply

ISSUED:
Issued by:

EFFECTIVE:

Michael J. Meldahl, President
TOUCH AMERICA, INC.
130 N. Main Street
Butte, Montana 59701
(406) 496-5100

SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**19. MILLENNIUM II (Cont'd)****D. Switched Toll-Free Inbound 800/888/877 Service:**

- (1). Time Periods: All day, every day
- (2). Billing Increments: Calls billed in 6-second periods
- (3). Rates: Base Rate - \$0.0095 per Period
- (4). Usage Discounts Apply
- (5). Charges:

Monthly Service Charge:	\$2.50
Payphone Use Charge:	\$0.30 per call

E. Calling Card Service:

- (1). Time Periods: All day, every day
- (2). Billing Increments: Calls billed in 6-second periods
- (3). Rates: Base Rate - \$0.0133 per Period
- (4). Usage Discounts Apply
- (5). Charges:

Payphone Use Charge:	\$0.30 per call
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F. Directory Assistance: The following interstate and intrastate charges apply to Directory Assistance calls placed by Millennium II subscribers:

Directory Assistance	
Interstate	\$0.60 per minute or fraction
Intrastate	\$0.37 per minute or fraction

ISSUED:
Issued by:

EFFECTIVE:

Michael J. Meldahl, President
TOUCH AMERICA, INC.
130 N. Main Street
Butte, Montana 59701
(406) 496-5100

SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**20. MILLENNIUM III**

A. Service Description: Millennium III is a dedicated long distance calling plan available to commercial/business customers. The Millennium III plan includes the following services: Dedicated 1+ outbound, dedicated toll-free inbound 800/888/877, and calling card services. Where specified, volume usage discounts apply to the base rate for customers committed to meeting certain monthly usage requirements.

B. Base Rate Discounts available:

Monthly Usage		Volume Discount
\$0.00 -	\$499.99	5%
\$500.00 -	\$999.99	10%
\$1,000.00 -	\$1,999.99	15%
\$2,000.00 -	\$4,999.99	20%
\$5,000.00 -	\$9,999.99	25%
\$10,000.00 -	+	30%

C. Dedicated 1+ Outbound Long Distance:

- (1). Time Periods: All day, every day
- (2). Billing Increments: Calls billed in 6-second periods
- (3). Rates: Base Rate - \$0.005225 per Period
- (4). Usage Discounts Apply

ISSUED:
Issued by:

EFFECTIVE:

Michael J. Meldahl, President
TOUCH AMERICA, INC.
130 N. Main Street
Butte, Montana 59701
(406) 496-5100

SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**20. MILLENNIUM III (Cont'd)****D. Dedicated Toll-Free Inbound 800/888/877 Service:**

- (1). Time Periods: All day, every day
- (2). Billing Increments: Calls billed in 6-second periods
- (3). Rates: Base Rate - \$0.005225 per Period
- (4). Usage Discounts Apply
- (5). Charges:

Monthly Service Charge:	\$2.50
Payphone Use Charge:	\$0.30 per call

E. Calling Card Service:

- (1). Time Periods: All day, every day
- (2). Billing Increments: Full minute
- (3). Rates: Base Rate - \$0.099 per minute
- (4). Usage Discounts Do Not Apply
- (5). Charges:

Payphone Use Charge:	\$0.30 per call
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F. Directory Assistance: The following interstate and intrastate charges apply to Directory Assistance calls placed by Millennium III subscribers:

Directory Assistance	
Interstate	\$0.60 per minute or fraction
Intrastate	\$0.37 per minute or fraction

ISSUED:
Issued by:

EFFECTIVE:

Michael J. Meldahl, President
TOUCH AMERICA, INC.
130 N. Main Street
Butte, Montana 59701
(406) 496-5100

EXHIBIT 8

Pre-Filed Testimony of Michael J. Meldahl

**Before the
TENNESSEE REGULATORY AUTHORITY**

Application of)
)
TOUCH AMERICA, INC.)
)
For a Certificate of Public Convenience)
And Necessity to Provide Competing)
Facilities-Based and Resold Interexchange)
Telecommunications Services)
In the State of Tennessee)

PRE-FILED TESTIMONY OF

**MICHAEL J. MELDAHL
President and Chief Operating Officer**

TOUCH AMERICA, INC.

Introduction

Q: Please state your name, title and business address and telephone number for the record.

A: My name is Michael J. Meldahl. I am the President and Chief Operating Officer of the Applicant, Touch America. My business address is 130 N. Main Street, Butte, Montana 59701 and my telephone number is (406) 496-5199.

Q: Please give a brief description of your background and experience.

A: Prior to being named President and Chief Operating Officer of Touch America, I served as the Executive Vice President of the Montana Power Company's ("MPC") Telecommunications Division, which oversaw the operations of Touch America. I joined Telecommunications Resources Incorporated ("TRI"), MPC's first non-utility communications enterprise and Touch America's predecessor in name, in 1986. Under my guidance, TRI was transformed from a company that provided communications engineering, consulting and installation services on a contract basis into what is known today as Touch America, a full-service telecommunications operating company. In May

of 1996, I was named Vice President of Communications Services in MPC's Energy and Communications Services Division, and in December 1998, I was named Executive Vice President and Chief Operating Officer of MPC's Telecommunications Division. As President and Chief Operating Officer, I am in charge of coordinating all technical, administrative, and regulatory issues relating to new and/or existing services of Touch America.

Purpose and Summary

Q: Have you provided testimony before the Tennessee Regulatory Authority ("TRA") on any other occasion?

A: No.

Q: On whose behalf are you testifying in this proceeding?

A: Touch America, Inc., the Applicant.

Q: What is the purpose of your testimony?

A: The purpose of my testimony is to support Touch America's Application for a Certificate of Public Convenience and Necessity to provide facilities-based and resold interexchange telecommunications services throughout the entire State of Tennessee.

Q: Please summarize the main points of your testimony.

A: Through this testimony, I will demonstrate to the Tennessee Regulatory Authority that Touch America is managerially, technically, and financially qualified to conduct the telecommunications operations in the State of Tennessee for which authority has been requested. I will also show that approval of Touch America's Certificate of Public Convenience and Necessity to provide facilities-based and resold long distance services by the TRA is in the public interest.

Application

Q: Are you familiar with the Application that Touch America filed with the TRA on October __, 2000 for a Certificate of Public Convenience and Necessity to Provide Competing Facilities-Based and Resold Interexchange Telecommunications Services in the State of Tennessee?

A: Yes I am.

Q: Do you ratify and confirm the statements that are made in Touch America's Application?

A: Yes I do.

Q: Do you wish to make any changes to any statements that are made in Touch America's Application?

A: No.

Q: Please describe the authority that Touch America seeks by its Application.

A: Touch America seeks authority to provide facilities-based and resold interexchange telecommunications services throughout the entire State of Tennessee.

Q: Is Touch America authorized to do business in the State of Tennessee?

A: Yes it is.

Q: Please provide a brief description of the Applicant and its corporate structure.

A: Touch America is a Montana corporation with its principal office and place of business located at 130 East Main Street, Butte, Montana 59701. Touch America is a wholly owned subsidiary of Entech, Inc., a Montana corporation, which in turn is a wholly owned subsidiary of The Montana Power Company ("Montana Power"), also a Montana corporation. Montana Power has its principal office and place of business at 40 East Broadway, Butte, Montana 59701. Entech, Inc. has its principal office and place of business

at 16 East Granite, Butte, Montana 59701. The stock of Montana Power is publicly traded on the New York Stock Exchange under the symbol "MTP."

On March 28, 2000, Montana Power's Board of Directors voted to divest all of its energy businesses and related assets in order to focus on telecommunications. Divestiture activities have been initiated and are on-going. Following complete divestiture of its energy businesses, Montana Power will become Touch America.

Q: Has Touch America applied for any other telecommunications authority from this Commission?

A: No it has not.

Q: Does Touch America and/or its affiliates hold Certificates of Authority in other jurisdictions?

A: Yes. Touch America is authorized to provide facilities-based and resold interexchange telecommunications services, by virtue of certification, registration or tariff requirements in the following states: Arizona, California, Colorado, Idaho, Illinois, Iowa, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oregon, Pennsylvania, South Dakota, Texas, Utah, Washington, Wisconsin, and Wyoming. Touch America also has applications pending before the following states: Florida, Georgia, Indiana, Kentucky, Louisiana, Mississippi, New Jersey, New York, Ohio, South Carolina and Virginia, and is preparing applications to be filed in the remaining contiguous United States.

Q: How will Touch America's customers contact the Company regarding trouble reports, billing errors and complaints?

A: Touch America maintains a fully staffed customer service center for purposes of addressing all of its customer inquiries, needs and complaints, including issues relating to billing, service quality, and maintenance. Customer service is available 24 hours/day, 7 days/week through Touch America's Toll-Free Customer Service Number: 1-800-823-4664. Customers may also write to Touch America, Inc., Customer Service Center, 1903 S. Russell St., P.O. Box 5207, Missoula, Montana 59806.

Q: Does the Applicant have a business office in Tennessee?

A: At the present time Touch America does not maintain a business office in Tennessee. Touch America intends to open business offices throughout the United States as its network develops and as its business dictates.

Q: Does the Applicant have a Small and Minority-Owned Telecommunications Business Participation Plan in the State of Tennessee, as required by T.C.A. § 65-5-212?

A: Yes. Attached to its Application at Exhibit 6 is Touch America's Small and Minority-Owned Telecommunications Business Participation Plan as it applies to the State of Tennessee.

Financial Qualifications

Q: Is Touch America financially qualified to provide the services it proposes to offer within the State of Tennessee?

A: Yes. Touch America has substantial financial wherewithal and access to ample capital. As set forth in the audited financial statements for fiscal year 1999, the telecommunications operations of conducted by Touch America garnered over \$84 million in revenues for the year ending December 31, 1999, resulting in operating income of over \$35 million. Attached at Exhibit 5 to its Application is a copy of Touch America's audited financial statements for the year ending December 31, 1999. As demonstrated therein, Touch America possesses more than adequate financial resources to provide competitive telecommunications services in the State of Tennessee.

Managerial Qualifications

Q: Is Touch America managerially qualified to provide the services it proposes within the State of Tennessee?

A: Yes. The management team of Montana Power and Touch America are experienced providers of an array of telecommunications services. This management team has supervised the construction and operation of a fully digital fiber network and oversees the

provision to customers of the following telephone services: dedicated long distance, travel cards, toll free telephone, Internet services, ATM and frame relay services, conference calling, operator services, prepaid calling cards, and carrier termination. Touch America's management team has considerable experience in marketing, network operations, financial analysis/accounting, customer service, training, sales, regulatory and other relevant areas, as reflected in the biographies of the directors, executive officers and key employees set forth in Exhibit 4 of its Application.

Q: Is Touch America technically qualified to provide the services it proposes within the State of Tennessee?

A: Yes. I again would refer the Commission to my response to the prior Question, as well as to Exhibit 4 of Touch America's Application.

Q: Briefly describe how approval of Touch America's Application is in the public interest.

A: Approval of this Application is in the public interest because Touch America is well qualified – technically, managerially, and financially – to serve the Tennessee public as a facilities-based and resale interexchange carrier. Moreover, permitting Touch America to provide the services described in this Application will expand long distance service options for customers in Tennessee, and will increase competition in Tennessee by expanding the diversity of suppliers and competition within the interexchange telecommunications market – without any adverse impact on the TRA's goals of universal service and affordable telecommunications services for all Tennessee residents.

Touch America's participation in the market for interexchange telecommunications services in Tennessee will promote consumer choice by expanding the availability of innovative, high quality, reliable and competitively-priced telecommunications services. Approval of this Application also is likely to compel other long distance providers in the state to improve their existing services, increase the quality and efficiency of their operations, and introduce innovative new services on their own. Moreover, the addition of Touch America to the Tennessee telecommunications market makes it probable that consumers of telecommunications services in Tennessee will receive the benefits of

downward pressure on prices, improved customer responsiveness, and access to increasingly advanced telecommunications technology.

Q: Does this conclude your testimony at this time?

A: Yes it does.

EXHIBIT 9

Tennessee Telecommunications Service Provider's Surety Bond

TENNESSEE REGULATORY AUTHORITY

TENNESSEE TELECOMMUNICATIONS SERVICE PROVIDER'S SURETY BOND

Bond #: 055S103377938BQM

WHEREAS, Touch America, Inc. (the "Principal"), has applied to the Tennessee Regulatory Authority for authority to provide telecommunications services in the State of Tennessee; and

WHEREAS, under the provisions of Title 65, Chapter 4, Section 125(j) of the Tennessee Code Annotated, as amended, the Principal is required to file this bond in order to obtain such authority and to secure the payment of any monetary sanction imposed in any enforcement proceeding brought under Title 65 of the Tennessee Code Annotated or the Consumer Telemarketing Act of 1990 by or on behalf of the Tennessee Regulatory Authority (the "TRA"); and

WHEREAS, Travelers Casualty and Surety Company of America (the "Surety"), a corporation licensed to do business in the State of Tennessee and duly authorized by the Tennessee Commissioner of Insurance to engage in the surety business in this state pursuant to Title 56, Chapter 2 of the Tennessee Code Annotated, has agreed to issue this bond in order to permit the Principal to comply with the provisions of Title 65, Chapter 4, Section 125(j) of the Tennessee Code Annotated;

NOW THEREFORE, BE IT KNOWN, that we the Principal and the Surety are held and firmly bound to the STATE OF TENNESSEE, in accordance with the provisions of Tennessee Code Annotated, Title 65, Chapter 4, Section 125(j), in the full amount of twenty thousand dollars (\$20,000.00) lawful money of the United States of America to be used for the full and prompt payment of any monetary sanction imposed against the Principal, its representatives, successors or assigns, in any enforcement proceeding brought under Title 65 of Tennessee Code Annotated or the Consumer Telemarketing Act of 1990, by or on behalf of the TRA, for which obligation we bind ourselves, our representatives, successors and assigns, each jointly and severally, firmly and unequivocally by these presents.

This bond shall become effective on the 3rd day of October, 2000, and shall be continuous; provided, however, that each annual renewal period or portion thereof shall constitute a new bond term. Regardless of the number of years this bond may remain in force, the liability of the Surety shall not be cumulative, and the aggregate liability of the Surety for any and all claims, suits or actions under this bond shall not exceed Twenty Thousand Dollars (\$20,000.00). The Surety may cancel this bond by giving thirty (30) days written notice of such cancellation to the TRA and Principal by certified mail, it being understood that the Surety shall not be relieved of liability that may have accrued under this bond prior to the date of cancellation.

PRINCIPAL

SURETY

Touch America, Inc.

Travelers Casualty and Surety Company of America

Name of Company authorized by the TRA

Name of Surety

One Tower Square, Hartford, CT 06183-9062

Company ID # as assigned by TRA

Address of Surety

SIGNATURE OF PRINCIPAL

SIGNATURE OF SURETY AGENT

Gary V. Staudinger
Name: Gary V. Staudinger
Title: Director, Risk Management

Sylvia Tilzey
Name: Sylvia Tilzey
Title: Attorney-in-fact

Address of Surety Agent:

P.O. Box 30638

Billings, MT 59107

THIS BOND IS ISSUED IN ACCORDANCE WITH THE PROVISIONS OF SECTION 125, CHAPTER 4, TITLE 65 OF THE TENNESSEE CODE ANNOTATED AS AMENDED BY CHAPTER NO. 586, 2000 PUBLIC ACTS. SHOULD THERE BE ANY CONFLICT WITH THE TERMS HEREOF AND THE STATUTE OR REGULATIONS PROMULGATED THEREUNDER, THE STATUTE OR REGULATIONS SHALL PREVAIL. (POWER OF ATTORNEY FROM AN APPROVED INSURANCE COMPANY MUST BE ATTACHED.)

ACKNOWLEDGMENT OF PRINCIPAL

STATE OF ~~TENNESSEE~~ MONTANA

COUNTY OF Butte - Silver Bow

Before me, a Notary Public of the State and County aforesaid, personally appeared Mary V Staudinger with whom I am personally acquainted and who, upon oath, acknowledged himself to be the individual who executed the foregoing bond on behalf of Touch America, and he acknowledged to me that he executed the same.

WITNESS my hand and seal this 12th day of October, 2000.

My Commission Expires:

November 15, 2000

Mary M Crisp
Notary Public

ACKNOWLEDGMENT OF SURETY

STATE OF ~~TENNESSEE~~ Montana

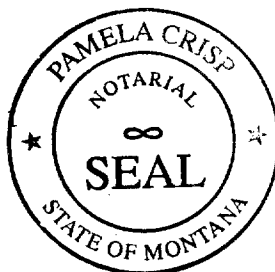
COUNTY OF Yellowstone

Before me, a Notary Public of the State and County aforesaid, personally appeared Sylvia Tilzey with whom I am personally acquainted and who, upon oath, acknowledged himself to be the individual who executed the foregoing bond on behalf of Travelers Casualty and Surety Company of America, the within named Surety, a corporation licensed to do business in the State of Tennessee and duly authorized by the Tennessee Commissioner of Insurance to engage in the surety business in this state pursuant to Title 56, Chapter 2 of the Tennessee Code Annotated, and that he as such an individual being authorized to do so, executed the foregoing bond, by signing the name of the corporation by himself and as such individual.

WITNESS my hand and seal this 3rd day of October, 2000.

My Commission Expires:

June 24, 2000



Pamela Crisp
Notary Public

APPROVAL AND INDORSEMENT

This is to certify that I have examined the foregoing bond and found the same to be sufficient and in conformity to law, that the sureties on the same are good and worth the penalty thereof, and that the same has been filed with the Tennessee Regulatory Authority, State of Tennessee, this _____ day of _____, 20____.

Name:

Title:

**TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA
TRAVELERS CASUALTY AND SURETY COMPANY
FARMINGTON CASUALTY COMPANY
Hartford, Connecticut 06183-9062**

POWER OF ATTORNEY AND CERTIFICATE OF AUTHORITY OF ATTORNEY(S)-IN-FACT

KNOW ALL PERSONS BY THESE PRESENTS, THAT TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY, corporations duly organized under the laws of the State of Connecticut, and having their principal offices in the City of Hartford, County of Hartford, State of Connecticut, (hereinafter the "Companies") hath made, constituted and appointed, and do by these presents make, constitute and appoint: **Beverly Nealy, Sylvia Tilzey, Allan Hultgren, of Billings, Montana,** their true and lawful Attorney(s)-in-Fact, with full power and authority hereby conferred to sign, execute and acknowledge, at any place within the United States, the following instrument(s): by his/her sole signature and act, any and all bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking and any and all consents incident thereto and to bind the Companies, thereby as fully and to the same extent as if the same were signed by the duly authorized officers of the Companies, and all the acts of said Attorney(s)-in-Fact, pursuant to the authority herein given, are hereby ratified and confirmed.

This appointment is made under and by authority of the following Standing Resolutions of said Companies, which Resolutions are now in full force and effect:

VOTED: That the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary may appoint Attorneys-in-Fact and Agents to act for and on behalf of the company and may give such appointee such authority as his or her certificate of authority may prescribe to sign with the Company's name and seal with the Company's seal bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking, and any of said officers or the Board of Directors at any time may remove any such appointee and revoke the power given him or her.

VOTED: That the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President may delegate all or any part of the foregoing authority to one or more officers or employees of this Company, provided that each such delegation is in writing and a copy thereof is filed in the office of the Secretary.

VOTED: That any bond, recognizance, contract of indemnity, or writing obligatory in the nature of a bond, recognizance, or conditional undertaking shall be valid and binding upon the Company when (a) signed by the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary and duly attested and sealed with the Company's seal by a Secretary or Assistant Secretary, or (b) duly executed (under seal, if required) by one or more Attorneys-in-Fact and Agents pursuant to the power prescribed in his or her certificate or their certificates of authority or by one or more Company officers pursuant to a written delegation of authority.

This Power of Attorney and Certificate of Authority is signed and sealed by facsimile under and by authority of the following Standing Resolution voted by the Boards of Directors of TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY, which Resolution is now in full force and effect:

VOTED: That the signature of each of the following officers: President, any Executive Vice President, any Senior Vice President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary, and the seal of the Company may be affixed by facsimile to any power of attorney or to any certificate relating thereto appointing Resident Vice Presidents, Resident Assistant Secretaries or Attorneys-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such power of attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached.

IN WITNESS WHEREOF, TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY have caused this instrument to be signed by their Senior Vice President, and their corporate seals to be hereto affixed this 14th day of June, 2000.

STATE OF CONNECTICUT

} SS. Hartford

COUNTY OF HARTFORD

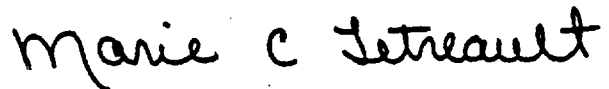
TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA
TRAVELERS CASUALTY AND SURETY COMPANY
FARMINGTON CASUALTY COMPANY



By 
George W. Thompson
Senior Vice President

On this 14th day of June, 2000 before me personally came GEORGE W. THOMPSON to me known, who, being by me duly sworn, did depose and say: that he/she is Senior Vice President of TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY, the corporations described in and which executed the above instrument; that he/she knows the seals of said corporations; that the seals affixed to the said instrument are such corporate seals; and that he/she executed the said instrument on behalf of the corporations by authority of his/her office under the Standing Resolutions thereof.





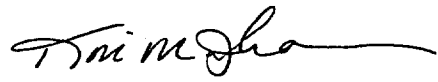
My commission expires June 30, 2001 Notary Public
Marie C. Tetreault

CERTIFICATE

I, the undersigned, Assistant Secretary of TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY, stock corporations of the State of Connecticut, DO HEREBY CERTIFY that the foregoing and attached Power of Attorney and Certificate of Authority remains in full force and has not been revoked; and furthermore, that the Standing Resolutions of the Boards of Directors, as set forth in the Certificate of Authority, are now in force.

Signed and Sealed at the Home Office of the Company, in the City of Hartford, State of Connecticut. Dated this 3rd day of October, 2000.



By 
Kori M. Johanson
Assistant Secretary, Bond